

Letters to the Editor

BRACKEN HOUSE, CANNON STREET, LONDON, EC4

Pensions

Sir—I read your issue of August 16 and I was interested in Mr. E. H. Lang's letter under the headline, Pensions Anomaly. I have also read and been very interested in similar letters published from time to time on the same subject by other newspapers, but cannot really express surprise that, as far as the ordinary man can see, they have achieved precisely no result, things being as they are.

If I may say so with full apologies to all your previous correspondents, they have all of them expressed the problem, but none of them, as far as I know, has any ideas as to how to achieve the really justified result. The individual pensioner can do nothing effective at all, nor could even large groups of pensioners, and as you will agree, sir, letters to the newspapers achieve a certain amount of temporary publicity which soon fades away. To get anything of this nature achieved nowadays, however worthy and long overdue, you can do nothing at all unless you have got the big battalions behind you.

Big battalions

And yet, if you think of it, old age pensioners like myself, and thousands like me, have got two very big battalions behind us indeed, battalions whose whole object and concern in life is the well being, as far as is humanly possible, of all their members, both old and not so old, and certainly the very old.

One of these big battalions, whose object most certainly is the welfare of their old members, is the National Association of Pension Funds—if I have got the right name—who now must control vast financial power, and the other, of course, is the trade unions, probably through the TUC headed by Mr. Vic Feather. Perhaps one might even hope that, for a cause such as this, these two great organisations might act for the benefit of their older members and, in the case of the TUC, their ex-members, with one voice, and thus really achieve the rectification of what must today be one of the most indefensible acts of financial discrimination practised against the old and very old and otherwise helpless that exists.

I, myself, am now well into my 71st year. I have been a victim of heart disease for many years, and that is why I am living where I am. It may even be the reason why I am still fortunate enough to be still living.

However, I think that it is only fair, on behalf of myself, and many like me, to point out the benefits of living abroad are not confined to us who are living abroad alone. We are no longer a burden on the National Health Service at home as we would otherwise be, we are no longer a potential liability on any of the other welfare services either, and if we were living at home I think the burden would be considerable.

In addition, by living abroad as we do we have created a demand for British goods and services, and these goods are now not only purchased by us old retired Britons, but by many other nationalities as well, and even, to the Spaniards themselves.

I have written to the manager of my own industrial pension fund along these lines myself and there may be others in whom I can create an interest.

D. S. MacDonald,
Aparthamento Tuma 18,
Torreblanca del Sol,
Fuengirola,
Málaga, Spain.

Assignment to others

Sir,—It has recently been announced that the Government is to issue a White Paper on the subject of pensions. Is it too much to hope that this may include a provision which will enable retirement pensioners who do not need a pension to elect to assign that or part of it to a fund for distribution among pensioners who have no other means?

Such an encouragement of altruism, seldom officially encouraged, would improve and sweeten social relationships in the body politic by introducing a new atmosphere of co-operation.

John Kemp,
Harmony Cot, Trevelas,
St. Agnes, Cornwall.

Bank charges increases

Sir—I have read Mr. E. W. Wingrove's letter (August 19) with reference to banking practice with interest. It may be that, added to his experience, my experience will stir the curiosity of others with bank accounts to examine more closely their charges and to question the reasons for any increases that may have been made.

About three years after I married I noticed quite an astounding increase had been made in my bank charges. This did not reflect any additional services which I was calling on the bank to provide because there were none. My wife and I took the matter up with the manager concerned. His explanation for not advising us of the increase in charges was due to the fact that the bank had too many customers it would force us to, to advise clients of proposed increases.

We obtained quotations from all the other banks in the location on the basis of our then banking requirements. The outcome of this was that we transferred our account to another

bank, the charges quoted and accepted by us being less than one-sixth of the previous charges.

All was well until some four years later the manager returned. Soon after the new manager took over my charges started to increase. Once again without any prior notice I questioned the new manager as to the reasons for this considerable increase (200 per cent.). He insisted that he considered the new charges were reasonable and refused to reduce them.

I pursued the matter with the Board of the bank concerned. After investigation I was reimbursed with the full amount of the increase.

Having moved in the meantime, I decided to transfer my account to a bank nearer my home. I negotiated a reasonable charge and, at the same time, obtained a written assurance that my charges would not be increased without prior notification from the manager.

My account has now been with this branch for three years. Ten days ago I received my statements—my charges have been increased.

I took the matter up with the manager, pointing out that the transactions through my account had not changed appreciably over recent years except that on average the cash balance had increased. His reply, received the following day, referred to the general Press comment regarding the increase in bank charges. He also inferred that another factor was a bank loan which commenced about 15 months ago.

I replied reminding him that as far as the loan was concerned there was no intimation from him at the time the loan was negotiated that my annual charges would increase. Also that I had paid an initial charge for the privilege of being granted a loan and that I had paid interest on the outstanding amount ever since. His original reply intimated that since the loan had been fully repaid my charges would fall. In my reply I sought confirmation that this would be the case. I also asked why he had not honoured his letter stating that no increase would be made without prior reference to me. To date I have received no reply.

R. P. C. Ashby,
14, Pinecroft,
Seymour Court Road,
Marlow.

Wide range of services

Sir—Mr. Haywood Nelms could hardly blame Mr. Emmerson for making the point which he only makes clear in his second letter (August 23) that his complaint concerns the reasonableness of bank charges and not their mere existence.

Both of his attempts at clarity

cry out for a reply and I should like to address the following points for his attention:

a) The clearing banks do, in a sense, operate as shops or stores. They offer a wide range of financial services, only some of which are charged for. They have two very popular "lines." One is their "banking" service which involves the leading of money to a motley of customers and non-customers. The other is their "bookkeeping" service which provides for the payment and collection of cheques, regular statements, standing orders etc. This is quite separate from the leading function and is costly to operate. A charge is made for the service, but it is not an allowance for any average credit balance maintained during the period.

The latter service can be, and in thousands of cases is, provided quite independently of the former one: a fact which Mr. Haywood Nelms does not appear to appreciate.

b) As he states that banks' basic commodity is money, why does he object to being charged 5 per cent. (hardly a high price) when he makes use of it?

c) Will he not allow that the overloads of the banks are in increasing space as they are in other businesses? Some of this increase must be passed on to customers. It is not enough to call an increase in the price of bread inequitable or immoral without taking into account the rising cost of flour or transportation.

d) Customers are not precluded from shopping around simply because the banks do not publish their full tariffs (a practice, incidentally, which I dislike as much as Mr. Haywood Nelms). May I suggest he tries telephoning a few banks to ascertain what they would charge to run his account for six months? He might be agreeably surprised.

e) It is Mr. Haywood Nelms' privilege to conduct his banking affairs through the medium of the state-run Post Office Giro if he so wishes. He might find a few more of the number of services provided and innumerable delays in obtaining replies to queries. He may even have to continue to subsidise it along with the remainder of the taxpayers of this country.

M. A. Pitcher,
103, Ellis Road,
Crowthorne, Berkshire.

Exhibition centre

Sir—I refer to Mr. Alan Wright's letter (August 20). If he is sincere in his belief, I would not question for one moment his right to put forward the opinion that Birmingham is

the proper location for the major exhibition centre in this country. However ill-conceived that view might be, but I do wish he would at least set his facts straight. Mr. Wright refers to "Birmingham's original initiative in proposing the National Exhibition Centre." I would beg to point out that the Lyon Group were preparing a scheme for a proposed International Exhibition Centre to be located in the London area in the spring of 1968, and their first report was presented to the Minister of State at the then Board of Trade on June 25, 1968.

As a result of the Lyon Group's initiative in this connection, the pressive Birmingham Chamber of Commerce realised the potential and seized the opportunity to climb on to the bandwagon some 15 months later—in the second half of 1969.

Donald Lyon,
Chairman,
Lyon Group,
Lynn Trench, High Street,
Colliers Wood, S.W.19.

A local tax on cars

Sir—The possibility of local authorities instituting a levy on private cars, put forward by Mr. David Kut (August 18) is one which has been a fact in Spain for many years. For instance, on my 1000 cc car, I am required to pay 350 pesetas per year, the equivalent of £2.10, to the Fuercia Civil. The more powerful the car, the more the local tax.

Other excellent tax gathering ideas are abroad in this country, such as (a) Road Fund Tax for the life of the car is paid in the purchase price of all new motor vehicles and (b) Licence fees for the life of the set are paid to the retailer on all new TV sets. It seems "the life" of a vehicle or TV set is judged to be in the region of 10 years.

If as one is constantly reading, the British Government (and, therefore, other tax payers) are being bled out of millions of pounds every year by defaulters who run motor cars and have TV licences, why not consider the annual licence fees, £13 Government could do far worse than take a leaf out of the book of the Spanish authorities.

Leslie Pickard,
Aparado No. 8,
Fuengirola, Málaga,
Spain.

Valuation of stocks

Sir—In reply to your correspondence (August 23), the fact that this year's stock contains items which were not included in last year's stock should not present any difficulties.

Price variance is simply the

Private companies

difference between this year's stock value and this year's stock value at last year's prices. Any new item of stock is added to this year's stock value at last year's prices as well as in this year's stock value at this year's prices. The price variance is altered: only the quantity variance will be affected. For example a company which commences with nil stock but which has 10,000 stock after one year's trading will show this 10,000 as a quantity variance.

Similarly any item in last year's stock but not in this year's stock will automatically be shown as a quantity variance.

The introduction of floating exchange rates has increased the desirability of separating exchange rate variances from quantity variances not only in respect of stock but also in respect of other assets. One wonders whether such variances will be shown when the gold and dollar reserves are next announced.

Peter Lowden Griffiths,
11, Gloucester Place, W.1.

Private companies

Sir—Who can calculate the cost to the nation of the high and damaging unemployment which is the sapping of the morale of the working community and bringing in its train industrial unrest? The pestilence of unemployment must be tackled at its roots.

Urgent action is now required to put life into industry by the creation of new jobs which will, in turn, create wealth. The creation of jobs is more likely to come from the joint action of a large number of dynamic privately owned companies than from public bodies, who by their very size are inert and vulnerable to collapse. It is not generally known that a very large percentage of our gross product comes from privately owned companies often headed by one man. These men, designers and inventors, almost always working in private companies which they themselves have built up, are the creators of jobs for the skilled workers, and such men should be given the incentive by a reduction of the present tax burden, and especially by the elimination of the annual estate duty which at present has the effect of regularly killing off successful private companies.

A typical example of a private company selling out to meet the demands of impending estate duty was recently reported (Economic May 22, 1971) in which the very successful machine tool company, Adcock and Shipley of Leicester, sold out to an American company, Mr. Alan Shipley, chairman, who owned half of the company, stated that were he to

die the resultant estate duty would bankrupt the company. Frequently one learns of similar instances of prosperous private companies selling out and in any desire to abandon business, but simply to acquire the cash to meet the demands of estate duty. This gradual erosion of private enterprise, yet it is a continuous process and the resultant loss to British industry is incalculable. Also, small vigorous companies are invariably weakened and their enterprising creative work stifled when inherited by big combines and, where the take-over is by a foreign-owned company, much of the derived profits disappear abroad.

It seems a very short-sighted policy to kill off so many successful privately owned companies in raising a relatively small amount of revenue and, at the same time, to dole out vast sums of public money on wasteful and uneconomic enterprises. Factory buildings and machine tools do not by themselves create jobs and employment on the making of roads and such like enterprises, although desirable, can only be temporary expedients to the solution of the present serious unemployment problem.

J. Jewell,
12a, Gold Hill East,
Chalfont St. Peter,
Bucks.

Holiday troubles

Sir—Perhaps in the interests of the British holidaymaker abroad I might be allowed to elaborate on the computerised "satisfaction scheme" reported in your columns (August 20 page 121).

The scheme has been devised by my company in collaboration with Thomson Holidays, who have very generously offered to make it available to the travel industry as a whole. The system is based on a questionnaire containing four questions which holiday-makers are asked to answer when returning from their holidays abroad. Each question asks a "very good," "satisfactory" or "very poor" rating. The first four cover the journey from home via U.K. airport, the flight and foreign airport. The remaining ten deal with the hotel and holiday resort—its food, accommodation, amenities, facilities for children and so on, and the helpfulness of the Thomson representative.

Analysis of the answers provides Thomson with a ready survey and control over the quality of the holiday scene itself, and the company's standard of representation. The three main factors in an enjoyable holiday are: a good holiday, a good holiday, a good holiday. Through our monthly computer analyses, Thomson are able to maintain a check on U.K. airport, authorities, airlines, hotels, foreign governments and tourist

boards together with their area managers and representatives, thus ensuring a high control at all levels.

From a technical computer standpoint the system can accept information supplied by each operator or company analyst, for such authorities as the Association of British Travel Agents, the British Airports Authority or the proposed Civil Aviation Authority.

The point which it is important to stress is that the scheme would be given the security of a highly confidential information.

John Weston,
Director, University Computer Company,
Birmingham.

Population explosion

Sir—Mr. Armitage (August 5) suggests that Joe Rogaly, in an article on August 16, was implying the "population explosion" but his question does not pre his point, for Mr. Rogaly merely asserted that population was growing at the rate predicted, i.e. that it did not, at times, grow faster than the predicted rate, and that the "population explosion" in the past of population growth more slowly than predicted (1 land after the 1940s famine might be an example), just now many populations (but v all) grow much faster.

As for the mass starvation predicted by the Ehrlichs and others, it is certainly quite possible that we shall be facing an even graver crisis in this regard by the end of the century than we do today, but it would be unrealistic to ignore, as Mr. Ehrlich seems to do at times, the fact that the more encouraging lessons of history. To take one country, if Mr. Armitage refers to R. C. K. Enns, England 1870-1914 in the Only History of England series, 1270-371, he will find that an English birth rate of a century ago was never twice what it is today, and that a large part of this reduction can only be ascribed to people learning to use contraceptives. Is it not reasonable to suppose that with the literacy and sustained effort of the peoples of Latin America, Asia, where population is growing fastest, will become educated in the use of birth control methods, bearing in mind that these are much more advanced than they were a century ago, and considering the gravity of the crisis? This is, in my view, a very real possibility. In my view, the population explosion is not inevitable, but it is a real possibility, and it is one which we must face.

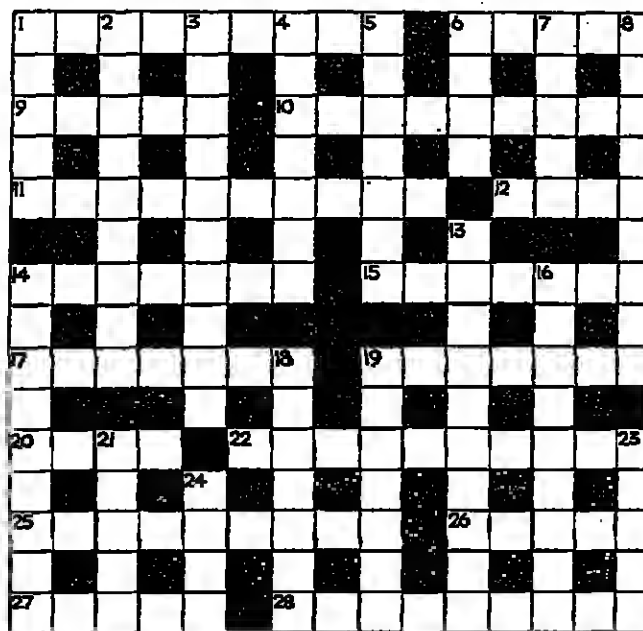
George Chowdhury-Best,
174, Clay Hill Road,
Basildon, Essex.

Events

To-day

COMPANY MEETINGS:
BENTLEY'S STORES, Birmingham, 12.
Chairman, Mr. J. C. Cohen.
CIVIL PEAKS, Calf Royal, W. 12.
Chairman, Mr. V. Khoroch.
ERF, Sandbach, 12. Chairman, Mr. E. P. Kitchin.
BRIDGEMORE STABLES, 3, Redgrave Square, S.W. 12. Chairman, Mr. R. A. Elmdale.
GRIFFITHS, BENTLEY, Winchester.

F.T. CROSSWORD PUZZLE NO. 1,654



- ACROSS
- 1 Separate by a blow when the workers return? (6, 3)
 - 2 It sounds to be a swell fabric (8)
 - 3 Is the girl to spring? (5)
 - 4 Adjusts part of the roof for entrants (9)
 - 5 "The gross claps of a — moor" (Othello) (7)
 - 6 The king came to the city. Depend on it (4)
 - 7 Seize Greek fruit (7)
 - 8 The direction is "fortissim", but the finish I conclude for the master (7)
 - 9 Earlie near the leaflet (7)
 - 10 A crossword composition found in the joint (7)
 - 11 Treeless upland in an inappropriate section (4)
 - 12 Dear, to nurse is to be unbalanced (10)
 - 13 Delayed effort by the side? (9)
 - 14 For ages I muddled for protection (3)
 - 15 Scholar has small title in the Bolearies (5)
 - 16 Where Sappho loved and sang? (5, 4)
- DOWN
- 1 Inactive apparatus? (5)
 - 2 Opposing a relative with thanks when in a hole (9)
 - 3 Maintain a part on the field? (4, 2, 4)
 - 4 As for a swathing and a man's cowardly bare ... (As You Like It) (7)

SOLUTION TO PUZZLE No. 1,653

ACROSS

- 1 Separate by a blow when the workers return? (6, 3) — BLOWN
- 2 It sounds to be a swell fabric (8) — WOOL
- 3 Is the girl to spring? (5) — YES
- 4 Adjusts part of the roof for entrants (9) — GABLE
- 5 "The gross claps of a — moor" (Othello) (7) — MOOR
- 6 The king came to the city. Depend on it (4) — YES
- 7 Seize Greek fruit (7) — FIGS
- 8 The direction is "fortissim", but the finish I conclude for the master (7) — FINISH
- 9 Earlie near the leaflet (7) — EARLY
- 10 A crossword composition found in the joint (7) — JOINT
- 11 Treeless upland in an inappropriate section (4) — UPLAND
- 12 Dear, to nurse is to be unbalanced (10) — UNBALANCED
- 13 Delayed effort by the side? (9) — EFFORT
- 14 For ages I muddled for protection (3) — PROTECT
- 15 Scholar has small title in the Bolearies (5) — BOLEARY
- 16 Where Sappho loved and sang? (5, 4) — SAPPHO

DOWN

- 1 Inactive apparatus? (5) — APPARATUS
- 2 Opposing a relative with thanks when in a hole (9) — THANKS
- 3 Maintain a part on the field? (4, 2, 4) — PART
- 4 As for a swathing and a man's cowardly bare ... (As You Like It) (7) — SWATHING

TV Radio

* Indicates programme in black and white.

BBC 1

12.25 p.m. Nal Zindagi-Naya Jeevan. 12.55 Tony at Aloma. 1.30 Watch with Mother. 1.45 News. 1.50 Play School. 1.55 Johnny. 1.55 Behind the Scenes with Norman Tebbit. The Flying Falcons. 2.20 Chingachank and the Lone Hunter. 5.44 The Adventures of Parsley.

BBC 2

11.05 a.m. Play School. 11.25-11.40 Open University: Arts. 11.45 News. 11.50 Birds-eye View. 12.00 All In A Day. 12.05 The Canterbury Tales. Part 2. 12.10 Spelling in the Sun: Johnny Morris in Tonka.

RADIO 1

Time checks, up-to-the-minute traffic reports and news headlines. 6.00-6.30, 6.30-7.00, 7.00-7.30, 7.30-8.00, 8.00-8.30, 8.30-9.00, 9.00-9.30, 9.30-10.00, 10.00-10.30, 10.30-11.00, 11.00-11.30, 11.30-12.00, 12.00-12.30, 12.30-1.00, 1.00-1.30, 1.30-2.00, 2.00-2.30, 2.30-3.00, 3.00-3.30, 3.30-4.00, 4.00-4.30, 4.30-5.00, 5.00-5.30, 5.30-6.00, 6.00-6.30, 6.30-7.00, 7.00-7.30, 7.30-8.00, 8.00-8.30, 8.30-9.00, 9.00-9.30, 9.30-10.00, 10.00-10.30, 10.30-11.00, 11.00-11.30, 11.30-12.00, 12.00-12.30, 12.30-1.00, 1.00-1.30, 1.30-2.00, 2.00-2.30, 2.30-3.00, 3.00-3.30, 3.30-4.00, 4.00-4.30, 4.30-5.00, 5.00-5.30, 5.30-6.00, 6.00-6.30, 6.30-7.00, 7.00-7.30, 7.30-8.00, 8.00-8.30, 8.30-9.00, 9.00-9.30, 9.30-10.00, 10.00-10.30, 10.30-11.00, 11.00-11.30, 11.30-12.00, 12.00-12.30, 12.30-1.00, 1.00-1.30, 1.30-2.00, 2.00-2.30, 2.30-3.00, 3.00-3.30, 3.30-4.00, 4.00-4.30, 4.30-5.00, 5.00-5.30, 5.30-6.00, 6.00-6.30, 6.30-7.00, 7.00-7.30, 7.30-8.00, 8.00-8.30, 8.30-9.00, 9.00-9.30, 9.30-10.00, 10.00-10.30, 10.30-11.00, 11.00-11.30, 11.30-12.00, 12.00-12.30, 12.30-1.00, 1.00-1.30, 1.30-2.00, 2.00-2.30, 2.30-3.00, 3.00-3.30, 3.30-4.00, 4.00-4.30, 4.30-5.00, 5.00-5.30, 5.30-6.00, 6.00-6.30, 6.30-7.00, 7.00-7.30, 7.30-8.00, 8.00-8.30, 8.30-9.00, 9.00-9.30, 9.30-10.00, 10.00-10.30, 10.30-11.00, 11.00-11.30, 11.30-12.00, 12.00-12.30, 12.30-1.00, 1.00-1.30, 1.30-2.00, 2.00-2.30, 2.30-3.00, 3.00-3.30, 3.30-4.00, 4.00-4.30, 4.30-5.00, 5.00-5.30, 5.30-6.00, 6.00-6.30, 6.30-7.00, 7.00-7.30, 7.30-8.00, 8.00-8.30, 8.30-9.00, 9.00-9.30, 9.30-10.00, 10.00-10.30, 10.30-11.00, 11.00-11.30, 11.30-12.00, 12.00-12.30, 12.30-1.00, 1.00-1.30, 1.30-2.00, 2.00-2.30, 2.30-3.00, 3.00-3.30, 3.30-4.00, 4.00-4.30, 4.30-5.00, 5.00-5.30, 5.30-6.00, 6.00-6.30, 6.30-7.00, 7.00-7.30, 7.30-8.00, 8.00-8.30, 8.30-9.00, 9.00-9.30, 9.30-10.00, 10.00-10.30, 10.30-11.00, 11.00-11.30, 11.30-12.00, 12.00-12.30, 12.30-1.00, 1.00-1.30, 1.30-2.00, 2.00-2.30, 2.30-3.00, 3.00-3.30, 3.30-4.00, 4.00-4.30, 4.30-5.00, 5.00-5.30, 5.30-6.00, 6.00-6.30, 6.30-7.00, 7.00-7.30, 7.30-8.00, 8.00-8.30, 8.30-9.00, 9.00-9.30, 9.30-10.00, 10.00-10.30, 10.30-11.00, 11.00-11.30, 11.30-12.00, 12.00-12.30, 12.30-1.00, 1.00-1.30, 1.30-2.00, 2.00-2.30, 2.30-3.00, 3.00-3.30, 3.30-4.00, 4.00-4.30, 4.30-5.00, 5.00-5.30, 5.30-6.00, 6.00-6.30, 6.30-7.00, 7.00-7.30, 7.30-8.00, 8.00-8.30, 8.30-9.00, 9.00-9.30, 9.30-10.00, 10.00-10.30, 10.30-11.00, 11.00-11.30, 11.30-12.00, 12.00-12.30, 12.30-1.00, 1.00-1.30, 1.30-2.00, 2.00-2.30, 2.30-3.00, 3.00-3.30, 3.30-4.00, 4.00-4.30, 4.30-5.00, 5.00-5.30, 5.30-6.00, 6.00-6.30, 6.30-7.00, 7.00-7.30, 7.30-8.00, 8.00-8.30, 8.30-9.00, 9.00-9.30, 9.30-10.00, 10.00-10.30, 10.30-11.00, 11.00-11.30, 11.30-12.00, 12.00-12.30, 12.30-1.00, 1.00-1.30, 1.30-2.00, 2.00-2.30, 2.30-3.00, 3.00-3.30, 3.30-4.00, 4.00-4.30, 4.30-5.00, 5.00-5.30, 5.30-6.00, 6.00-6.30, 6.30-7.00, 7.00-7.30, 7.30-8.00, 8.00-8.30, 8.30-9.00, 9.00-9.30, 9.30-10.00, 10.00-10.30, 10.30-11.00, 11.00-11.30, 11.30-12.00, 12.00-12.30, 12.30-1.00, 1.00-1.30, 1.30-2.00, 2.00-2.30, 2.30-3.00, 3.00-3.30, 3.30-4.00, 4.00-4.30, 4.30-5.00, 5.00-5.30, 5.30-6.00, 6.00-6.30, 6.30-7.00, 7.00-7.30, 7.30-8.00, 8.00-8.30, 8.30-9.00, 9.00-9.30, 9.30-10.00, 10.00-10.30, 10.30-11.00, 11.00-11.30, 11.30-12.00, 12.00-12.30, 12.30-1.00, 1.00-1.30, 1.30-2.00, 2.00-2.30, 2.30-3.00, 3.00-3.30, 3.30-4.00, 4.00-4.30, 4.30-5.00, 5.00-5.30, 5.30-6.00, 6.00-6.30, 6.30-7.00, 7.00-7.30, 7.30-8.00, 8.00-8.30, 8.30-9.00, 9.00-9.30, 9.30-10.00, 10.00-10.30, 10.30-11.00, 11.00-11.30, 11.30-12.00, 12.00-12.30, 12.30-1.00, 1.00-1.30, 1.30-2.00, 2.00-2.30, 2.30-3.00, 3.00-3.30, 3.30-4.00, 4.00-4.30, 4.30-5.00, 5.00-5.30, 5.30-6.00, 6.00-6.30, 6.30-7.00, 7.00-7.30, 7.30-8.00, 8.00-8.30, 8.30-9.00, 9.00-9.30, 9.30-10.00, 10.00-10.30, 10.30-11.00, 11.00-11.30, 11.30-12.00, 12.00-12.30, 12.30-1.00, 1.

Farming
and Raw
MaterialsGrouse prices tumble in
wholesale markets

BY GODFREY BROWN

India to retain
some U.S. food
aid shipments

NEW DELHI, August 24. A DECISION by India not to renew the Public Law 480 food aid agreement with the U.S. will not affect imports from the U.S. of edible oils, cotton, protein foods, and some other items, officials said here today.

The decision was announced by Mr. Annasabhai Sainde, the Minister of State for Food and Agriculture, that the Government would not renew the agreement when it expired in June, 1972.

The decision will only affect concessional food aid imports financed by PL-480 soft loans, which India has been repaying in rupees, they said.

Most of the vegetable oils (mainly soyabean, cotton and a few other items) including some wheat which is bought on out-right grants from the U.S. Government under PL-480 will continue, they added.

Ceylon advice
for Indonesian
tea project

By Our Own Correspondent

COLOMBO, August 24. WHITTALLS, the Ceylonese company, which acts as agents for many British and Indian companies, has secured a contract with two State corporations in Indonesia to provide consultancy services to improve Indonesian tea plantations and factories.

About 60,000 acres of tea are involved and Whittalls which won the contract in competition with bidders from other countries will send a team of four planters and two accountants.

The World Bank has agreed to make U.S.\$3.5m. available to Indonesia to finance the foreign exchange component of the country's tea rehabilitation project.

HOPS BOARD GETS
NEW WAREHOUSE

A new 78,000 square feet two-storey warehouse has just been completed by the Hops Marketing Board at Paddock Wood, Kent, which with the existing warehouse there will enable the centre to handle half the English hop crop. High costs and traffic congestion dictated moving storage from the traditional home of the hop trade in the Borough, Southwark, London.

PLENTIFUL supplies of grouse being charged by specialist retailers for large-volume sales and a demand diminished by the holiday season have brought prices tumbling in the wholesale markets. Best young grouse were being quoted at 40-45p each at wholesale level yesterday, some 10-15p cheaper than at this time last year. "I've never known them drop so quickly," was yesterday's comment from one retailer with a large grouse trade to restaurants and hotels in the West End of London. "The first day of the season they were costing us £2.25; the second day they could be bought for £1."

Bunch of birds

Yesterday was selling the very best young grouse at 70p each: last year at this time the price was 25s 6d (£1.12). Best medium grouse were 65p. Medium in this context means condition, not size, and indicates birds that may be a bit too high or damaged by the fall after the shooting. He was charging 45p for second medium grouse—small ones and those not in good condition.

These are the sort of prices

being charged by specialist retailers for large-volume sales and a demand diminished by the holiday season have brought prices tumbling in the wholesale markets.

On the heather

The key to this year's abundant grouse crop was the exceptionally good spring. It was early, and growth came on the heather—the staple of grouse diet—in plenty of time. Plentiful food supplies meant the birds bred well. According to specialist game dealers, the guns have equally risen to the occasion, and far more birds have been shot than normally, resulting in very heavy quantities—far exceeding recent years—reaching the markets. Supplies have exceeded demand, with the result described earlier. The latter part of August and early September is usually the flush period for grouse, and some specialists expect supplies to begin to ease in six or seven weeks' time. So they are busy removing part of the present over-supply from the market and putting the birds into cold store against the rainy days that may be coming.

Harrods yesterday could not remember how their retail prices compared with this time last year but thought they were probably about the same or maybe a bit cheaper.

U.S. maize record confirmed

WASHINGTON, August 24.

TOTAL SUPPLIES of U.S. corn (maize) available for the new marketing year beginning on October 1 will be a record high of a little over 6,000m. bushels if the initial prediction of August 1 for this year's crop proves correct.

This was confirmed here by the U.S. Department of Agriculture in a summary of its feed grain situation report, to be published at the end of the month. USDA continues to predict a corn carry-over of

September 30 of 700m. bushels. The Department said the projected total corn supply for the 1971-72 season of 6,046m. bushels would be 18 per cent. above last season's relatively short supply, and 6 per cent. above the previous record in 1969.

The bumper corn crop of 5,345m. bushels currently forecast for this year would have a major impact on prices as well as supplies of feed grains in 1971-72, it added.

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Cereals disease warning

BY OUR COMMODITIES STAFF

FARMERS are being advised by the National Institute of Agricultural Botany to plant a range of wheat in widely separated parts of this year's yellow rust disease danger.

The Institute says that after several years with little yellow rust on wheat crops, the disease reappeared this year in many areas and some unusually severe attacks in widely separated parts of the country have occurred. The present position is that the three highest yielding varieties on the Institute's 1971 recommended list, Camra, Maris Ranger and now Joss Camber, must all be classified as very susceptible to yellow rust. Camra, Cappellet Desprez and Champain are also susceptible, but are out

often severely attacked. West Desprez and Maris Widgeon have good resistance and the Institute advises that wheat growers should consider recommended Maris Nimrod appears so far to be reasonably resistant.

Farmers are warned that if the coming winter is mild, thus enabling the fungus to survive winter, and if spells of cool damp weather occur in spring or early summer, widespread severe attacks could occur next summer. "A large acreage of any one variety will increase the risk," the Institute adds that if the highest yielding varieties are chosen, Joss Camber and Camra should not be grown on the same farm, but Maris Ranger may accompany either.

Another
quiet day in
commodities

By Our Commodities Editor

YESTERDAY'S reported IMF proposals on future exchange parities—later denied—had no perceptible impact on London commodity markets, which had another quiet, unexciting day.

While the currency situation continues to create an air of uncertainty in some sections of commodity trading, the markets generally appear to be searching for fresh incentives.

Silver was fixed 8.5p down on the bullion market at 64.5p an ounce spot delivery. It is now very near to the lowest level of the year, emphasising the limited effect the currency crisis has had on commodity prices.

Extruding on the London Metal Exchange copper market was again at a low ebb. After fluctuating within a narrow range, cash wires eventually closed at 44.95s a ton, 22.5p higher. The three months wire was 24.00s, 2.5p up at 44.95s a ton. While the market appears to be realising going lower, it lacks the consumer buying interest to push prices upwards—a diagnosis which can be applied to a number of other markets.

Tin displayed a steeper tone, with the cash price ending the day 13.50 higher at 11.41s a ton. In contrast the LME cash lead price fell sharply by 1.37s to 11.02s a ton—the lowest level since 1965.

Elsewhere, rubber continued its downward drift, sugar closed lower in New York, while cocoa and coffee were very quiet and little changed.

Partial return
at Le Nickel

NOUMEA, August 24.

LE NICKEL sources said around 32 per cent of Noumea workers, including the staff, and all employees at the inland mining centres accepted the company's invitation to return to work yesterday. But a meeting of the main New Caledonian union (Socne) maintained the strike call.

Socne said in view of the return to work by the minority unions, it will withdraw the labour of its own members who during the seven week strike have been assuring the minimum security firing of the blast furnaces.

FISHING SUPPORT
SHIP LEAVES HULL

By Our Commodities Staff

The Department of Trade and Industry trawler support ship "Miranda" is due to-day for a week's tour of duty in the waters of the British Overseas Territory of the South-Atlantic.

THAILAND AGRICULTURE
Progress in cutting
rice down to size

BY A SPECIAL CORRESPONDENT

THAILAND has a galloping price has been low. Changes in eating habits in some countries and increases in production in others—largely as a result of the breeding of improved varieties of rice—have precipitated a world surplus in rice.

In the opinion of the Thai, the methods of disposal of rice on the world market by the U.S., Italy, Communist China and Japan amount to dumping. They have protested unsuccessfully in the U.S. over the non-commercial distribution of large tonnages of rice through PL480 and other aid and barter arrangements with developing countries.

The crux of the problem is Thailand's deteriorating export trade in its major commodity, rice, which brought so much of the exportable surplus from the 13m. ton crop of paddy 18m. tons of milled rice produced in the crop year ended March 1971. Meanwhile the "American Free Trade Area" has been pushing spending money into Thai cities as it disappears as the Vietnam war runs down.

Thailand certainly needs help to maintain its economic position as a major rice exporter. Its difficulties could well be a time when expenditure on national security cannot be cut.

British aid

Britain gives a substantial quantity of aid to Thailand and much of this has some connection with agricultural development. The improvement of the rural sector (including the rice sector) for the financial year April 1971 to March 1972 is £1m. for technical assistance plus £300,000 for regional organisation in Thailand (for example the new Thailand Institute of Technology).

Increasing emphasis is being placed on consultancy advice and feasibility surveys. A major work of this nature was the report of C. H. Mandersham and Partners, London, on the Development of Export Industries in Thailand—devoted almost entirely to agricultural products. Now Huntlog Technical Services have nearly finished a Yom River water and land resources survey.

The underlying thinking of most aid projects and new investment is that Thailand must diversify to reduce its dependence on rice. Paddy farming affects over 70 per cent of the population. From the air much of Thailand looks like one great paddy field, the expanse of water broken only by tiny banks and routes and dotted with water buffaloes, which are the major draught animals. In fact rice occupies almost three-quarters of the arable land.

The high quality, long-grained Thai rice has long been a safe export commodity and the country's major foreign exchange

earner. But since early 1965 the price has been low. Changes in eating habits in some countries and increases in production in others—largely as a result of the breeding of improved varieties of rice—have precipitated a world surplus in rice.

What prospects are there for looking at the pressure of rice? Looked at from the point of view of physical possibilities the scope for diversifying is great and varied. Looked at in economic, marketing and psychological terms, considerable limitations—at least to rapid change—become apparent.

Fortunately there are important exceptions to this. Rubber and maize are going ahead and should outstrip rice as export earners within the current decade. There is even a possibility of overhauling (including products therefrom) assume an important position.

The Rubber Research Centre is pioneering improvement in the marketing procedures (traditionally heavily biased towards middlemen) through the formation of co-operatives and operation centres.

The plan is to tackle the problems of quality guarantee and standards of Thai rubber offered on the world market by developing the production of black rubber sheets and rubbers. Maize is a crop which is becoming much more important in Thailand. Currently, it is considered mainly as a primary export product, but the implications are that it could eventually be important in the development of a livestock industry. Production has shot up from about 500,000 tons in 1946 to approximately 1.4m. tons to-day.

Maize is not a particularly rewarding crop for the Thai farmer in his present impoverished position. The sudden rise in value of maize on the world market in the early 1960s has undoubtedly have otherwise been a saving situation. He is always going to be desperately unprofitable unless the buffer of an economically-justified home market (through a livestock) for maize can be developed.

These problems, once again, are those of scale which militate against the use of modern mechanised methods.

Maize is a crop that demands precision in timing of operations and this is something which is more likely to be achieved with large machines than with a myriad of hands.

It is a high-cost crop in many respects—hungry for fertiliser and demanding in its need for chemicals to control insects and weeds. But these things are prohibitive expensive in Thailand.

Britain's part in crop diversification is concentrated on cotton. During the years 1963 to 1966 visiting experts were sent in Thailand under the Colombo Plan. A cotton survey was conducted at Takha, about 180 miles north of Bangkok, and handed over to the Thai Government by Britain in 1965. By this time there was an expanding programme of rain-fed cotton production in so-called upland farms; development and it was decided to establish (in 1967) the Thai-Cotton Development Centre as a joint project between the British and Thai Governments.

Paradoxical

While the centre is showing that high yields of cotton can be grown and give a very satisfactory return to the producer, the state of the industry in Thailand is far from happy. The planted acreage, increased in post-war years to a peak of about 1m. acres in 1968. But, starting in 1967, there were a series of bad yield years. This setback made growers unable to afford the cost of fertiliser, and the necessary fertilisers and crop protection chemicals, and chemical companies tightened up on credit as a downward spiral developed.

Soybeans also appear to be one of the most promising rice-replacement crops for the north-east, judging from experience at the F.A.O. station in Thailand and demonstration farms for the north-east region at Kalasin. The idea here is to guide the local growers of rice (which is the glutinous type and has an export potential) into increasing yields so that domestic needs can be satisfied from a much smaller acreage and the saved acreage can be used for cash crops.

Other crops being grown at the centre include groundnuts, sweet potatoes, mango, papaya, guava and sugar cane. Neighbouring farmers are beginning to take an interest in some of these new crops but, understandably, need some convincing that the extra effort and expense incurred in diversifying—particularly into dry season (irrigated) crops—will show a worthwhile economic return.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Became firmer in the trading conditions on the London Metal Exchange. Outside demand remained very quiet, but sellers were also reserved in view of the currently uncertain outlook. Turnover 6,775 tons.

Henry Gardner and Co. reported that in the morning's dealings cash wirebar changed hands at 44.15, 43.30, 42.50, mid Sept. 43.82, lat-Oct. 43.66, early-Nov. 43.57.

COPPER	Official	Unofficial	Lat. Oct.	Early Nov.
Wirebars	44.50-45.00	44.50-45.00	43.82	43.57
Cash	44.50-45.00	44.50-45.00	43.82	43.57
Lat. Oct.	43.82	43.82	43.82	43.82
Early Nov.	43.57	43.57	43.57	43.57

WIREBARS	Official	Unofficial	Lat. Oct.	Early Nov.
Cash	44.50-45.00	44.50-45.00	43.82	43.57
Lat. Oct.	43.82	43.82	43.82	43.82
Early Nov.	43.57	43.57	43.57	43.57

COIN	Official	Unofficial	Lat. Oct.	Early Nov.
Cash	44.50-45.00	44.50-45.00	43.82	43.57
Lat. Oct.	43.82	43.82	43.82	43.82
Early Nov.	43.57	43.57	43.57	43.57

COIN	Official	Unofficial	Lat. Oct.	Early Nov.
Cash	44.50-45.00	44.50-45.00	43.82	43.57
Lat. Oct.	43.82	43.82	43.82	43.82
Early Nov.	43.57	43.57	43.57	43.57

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Cash	44.50-45.00	44.50-45.00	43.82	43.57
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Lat. Oct.	43.82	43.82	43.82	43.82
Early Nov.	43.57	43.57	43.57	43.57

COTTON

(New prices per kilo)

COTTON	Official	Unofficial	Lat. Oct.	Early Nov.
Cash	44.50-45.00	44.50-45.00	43.82	43.57
Lat. Oct.	43.82	43.82	43.82	43.82
Early Nov.	43.57	43.57	43.57	43.57

COTTON	Official	Unofficial	Lat. Oct.	Early Nov.
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GRAINS

THE BALTIC—Some inquiry was noted for transshipment corn and denatured feed wheat at slightly cheaper rates, but other sections remained generally quiet.

Wheat: Canadian Western Red Spring No. 1 15½ per cent. Avg. transshipment (1913) 1 East Coast. U.S. Red Winter No. 2

American News

Bolivian pledge to investors

By Hugh O'Shaughnessy

SR. RAUL LEMA PELAEZ, the Finance Minister in Colonel Hugo Banzer's new Government in Bolivia, has said that the new regime will retain monetary stability and guarantee foreign investment which aims at developing the economy, according to Reuters.

Mr. Lema, serving in the Government of the late President René Barrientos, has taken a line in direct opposition to the nationalist policy of the late President Juan José Torres. Colonel Banzer has warned that he will be ruthless with the remainder of the left-wing sympathisers of the late President Torres. Unarmed students staging a last stand for General Torres in the San Andrés University in La Paz were strafed and bombed on Monday night by the air force and attack by ground troops. Casualties during the coup in La Paz alone were put at 800 including 120 dead. The Red Cross appealed in a statement for a period of truce in Bolivia, to prevent further disasters and loss of life.

Argentine mail for Falklands

By Our Own Correspondent

BUENOS AIRES, August 24. The first bag of mail ever to arrive in Argentina directly from the Falkland Islands—claimed by Argentina as the Malvinas—has reached Tandil 190 miles south of here. The mailbag was flown from Port Stanley to Comodoro Rivadavia on the Argentine air service Albatros which had taken an official Argentine mission to the Falklands to arrange details of a regular air service between the Argentine mainland and the British crown colony.

Meanwhile, Carlos Brignone, initially a liberal economist, has been named by President Alejandro Agustín Lanusse as sixth Central Bank president for a year.

ANADIAN POLITICS

Alberta ready for close-run election

BY DON PEACOCK IN CALGARY

THE WORLD'S first and longest Social Credit Government fighting a tough battle to survive in the campaign for Alberta's provincial general election on August 30. But although the Social Credit Party is fighting for survival, this is seldomous in the bustling exchanges between the two main contenders, the Premier, Harry Strom, and Mr. Peter Lougheed, 42-year-old leader of the opposing Progressive Conservatives.

During the first couple of weeks of the campaign, Mr. Lougheed hurried around the province in a caravan of house trailers, meeting people. He said he had an advance party to rise the populace of his imminent coming, then descend in his vehicle on arrival and along the streets, into bars and other public places, eating and shaking hands with voters within sight of a reach. He did not make a single for speech, nor did he launch a tangible attack on Social Credit policy, although periodically he released Press announcements containing various policy points of his own.

Mr. Lougheed told reporters travelling with him his tactic to offer as little profile for Government to shoot at as possible. He was not speaking of government issues to fight on if he could help it. He was offering the people of Alberta an alternative "Government, not opposition" party. More once, he referred to the

Government party as his opposition or "the opposition" instead of the Government.

Mr. Strom, fighting his first election as leader of Social Credit, seems to have adopted similar tactics, after going very slowly on a round-the-province campaign at the start. On the face of things, Mr. Strom is campaigning from a position of supreme strength. His party, a group of Depression radicals gradually converted to Bible-belt conservatism, has held office with little threat of interruption since 1935. When he dissolved the Legislature to call the election, Social Credit held 54 of the 65 seats, the Conservatives 10 and one was vacant from a death in the Social Credit Party.

Bible belt

But things have changed in Alberta since the Social Credit beginnings. In this election, there are 75 seats at stake as a result of redistribution. For the first time, a tiny majority—38 to 37—of these seats are considered urban. Social Credit has always been thought stronger in the country than the cities, where the Conservatives are held to have an edge. And if not them, then the radical left-wing New Democratic Party, which is also making a strong run in this Alberta election.

Mr. Strom's biggest problem is the length of time since the last election in 1967. Since its formation in 1955, the province has always shown a taste for massive switches in voter loyalty, when any switch came at all. If Alberta voters have decided it's time for a change, they could produce a change of the party standings at dissolution. Mr. Lougheed is using tactics similar to those of a party that called itself the United Farmers of Alberta in a 1921 election campaign. He, like UFA, has been stressing non-partisanship in future legislation.

The tactic worked like magic for the UFA. It toppled nearly every member of the previously Liberal Government ranks out of office. In this campaign, incidentally, the Liberals are all but inactive and will be lucky to win a seat—which would be an infinite improvement over what they had at dissolution (zero).

Both Mr. Strom and Mr. Lougheed have proposed policies to help people get more homes, to reduce medicare costs for the aged, to encourage greater diversification of industry throughout the province, to help the cities of Edmonton and Calgary improve public transportation facilities, to provide more recrea-

tion facilities and to make things better for the farmers.

The New Democratic Leader, Mr. Grant Notley, has made similar promises, but he has emphasised the similarities of the Social and Conservative programmes, and argued that his socialist party offers Albertans any real alternative. Among other things, he has promised that a New Democratic government would bring under state ownership the private power companies currently serving Albertans, and to tax until it hurt the profits of land speculators.

Few seats

Mr. Strom's other problem is the difference between his rather stodgy, farmer-type personality and the outwardly relaxed, contemporary image of Mr. Lougheed. Lately, Mr. Strom has taken to his own mobile home caravan and to "mainstreaming" as Mr. Lougheed has been doing. He also keeps telling his local candidates and their workers to be sure and get everyone's vote, not just the Social Credit vote.

For Mr. Lougheed, one obstacle to his hoped-for success on August 30 is the similarity between his proposals and the policies of the Social Credit Government. Both are deeply conservative parties and the difference in their approaches to most issues is more in style than in substance. Another unknown factor is the vigour of the New Democratic campaign. The New Democrats have about 70 candidates running, more than ever before. If the people of Alberta decide, as other provincial elections in Canada have had a habit of doing the last couple of years, that they really want change, the NDP could pick up a few seats—which could be just enough to rob Mr. Lougheed of victory.

If it turns out to be as close as some people in the province think it could be, the election could produce a minority government—Social Credit or Conservative. But whatever party wins, it is not likely to make much difference to the prosperity of Alberta, which currently seems to be about the best-off province in Canada. The latest unemployment figures showed a sharp drop from 6.3 per cent. of the labour force last spring to under 3 per cent. and the hot days of August have been perfect for ripening rich crops of wheat and other farm produce, however much voter apathy the heat might produce on election day.

ITALIAN BOURSES

ITALY'S Treasury Minister Signor Mario Ferrari Aggradi recently stood up in Parliament to tell deputies that a certain Signor Attilio Marzollo, stockbroker on the Venetian bourse, had been declared bankrupt to the tune of around 25,000, lire (215m.). This was the difference between the value of the shares he had supposedly deposited with various banks and the value of shares actually deposited. A similar but much smaller discrepancy was found in the accounts of a Rome broker Signor Lorenzo Pilella.

This rather mild statement, together with an assurance that all efforts would be made to get to the bottom of the affair and that Parliament would be kept fully informed, gave official recognition to a scandal which has struck a severe blow at the Italian bourse structure. It has also raised serious questions over the efficacy of official control of the bourses, over the role of the banks in financing speculative operations, and doubts over whether operations of such a size could have been carried out without some sort of political cover.

Main losers

In Milan houses circles it is widely believed that total losses in the region of 30,000m. to 40,000m. lire. The main losers are three of Italy's largest banks, Banco di Roma, Banca Commerciale Italiana, and Credito Italiano, together with the Milan-based Banco Ambrosiano and Venice-based Banco di San Marco, which are closely connected with the financial interests of the Roman Catholic Church. These banks, together with a relatively small number of private backers, provided Signor Marzollo with the bulk of funds to finance his bourse operations, and they, together with the various stockbrokers through whom he worked, have had to take the bulk of the losses. But the affair has not led to widespread losses among a mass of small shareholders for the simple reason that small shareholders have deserted the bourses in such numbers over the last decade that there are very few of them left. In their absence the houses have been mainly limited to trading between professionals and it is this development which prepared the ground for the present crisis.

into clandestine investment abroad through anonymous Swiss bank accounts. As a result the bourses have ceased to be an effective instrument for channeling savings into productive investment but have become a largely speculative arena for the transfer of large, and often controlling, packets of shares, on behalf of banks or financial groups.

The process has sharply reduced the volume of trading and completely undermined the position of stockbrokers. According to the law of 1913 which governs their activities, they are legally required to act only on behalf of clients and not to engage in operations on their own account.

The banks meanwhile have taken over a large slice of the direct customer business which has remained and their practice has been to clear dealings indifferently while still charging commissions for the sale of shares. Only the difference between buying orders and selling orders are openly bought on the market through the brokers.

Yet brokers are so eager to obtain this business that brokerage margins on such transactions are often as low as 1 or 2 lire per 1,000 fixed as the official brokerage commission. This acute competition for business, with its depressing effect on the banks' income, is another factor impelling brokers to act on their own account.

In fact the main accusation in the Marzollo affair has been levelled against the banking system rather than against the bourse itself, which, although in serious need of reform, is seen at least partially in the role of victim.

Signor Giorgio Natali, president of the National Stockbrokers Association, believes the Marzollo affair could not have occurred if all transactions had gone through the Bourse, instead of largely through banks.

Between 60 and 80 per cent. of all trading now takes place between banks, and thus completely escapes the controls of the Bank of Italy, he maintains.

In common with the majority of stockbrokers, Signor Natali believes that the Marzollo affair dramatically illustrates the need for drastic reforms of the Bourse structure aimed at revitalising the Bourse as a channel for industrial investment. According to this view, the Bourse structure needs a series of linked reforms including the obligation for Italian companies to provide more regular and more regular information to shareholders; incentives for more firms to seek public listing; abolition of the registered share system in favour of the bearer system practised in the United Kingdom; the introduction of legislation permitting the creation of Italian mutual funds; and the abolition of present inter-bank trading. Several

quarters have also proposed the setting up of a much stronger control system on the lines of the American Securities Exchange Commission.

Risk capital

Meanwhile the expected entry of Britain into the Common Market, perhaps even more than the desire to avoid periodic scandals, gives the whole question of bourse reform added urgency, stockbrokers believe. Many Italians fear that the entry of Britain with its sophisticated capital market and efficient Stock Exchange could prove a real danger to Italy and increase the flow of funds from Italy's inefficient markets to London where a wider range of services would be available.

The absence of an efficient capital market also threatens the present balance between State and private enterprise. For, failing a means to provide private industry with the risk capital it needs for expansion, the State sector, with recourse to public funds, is likely to keep increasing in importance and tip the balance decisively in favour of a State-dominated economy. This is not an attractive prospect for a large body of opinion in Italy, yet the slow-down in private investment is a key feature in the current recession, whereas the State holding companies ENI and IRI and other State bodies have massive expansion plans for the coming decade.

The whole logic of Signor Marzollo's operations was based on the need to keep the bourse rising. In fact, his followers were so successful that in the period of their greatest activity they were instrumental in raising Italian share prices to new highs at a time when strikes and industrial unrest were decimating profits and sapping confidence in the Italian economy, and while the American and other major stock markets were in the grip of a major downturn.

Bourse circles in Milan believe that these manoeuvres were based on the assumption that the era of mass capitalism through the mutual fund movement was about to emerge in Italy and that this, given the small dimensions of the Italian houses (just over 140 shares on the largest house in Milan) would automatically mean a sharp rise in share prices generally, especially as shares were in real cases well below the value of real assets.

At this time Investors Overseas Services (IOS) and other foreign funds appeared to be the vanguard of such a new era and the IOS Italian office in Pontallia alone raised over \$200m. in previously untapped funds from south Italian farmers and professional people, and channelled 50 per cent. of this into

supplies. If fair prices for tea in the primary auctions can only be obtained by a further increase in the retail price of tea then surely the retail price of tea must be increased. I see no reason why a relatively undeveloped tea producing country such as Ceylon, having to pay ever increasing prices for its own imports, should be subsidising the price of tea to the British housewife.

The overall statistical position of the world's tea industry shows some improvement in the relationship between tea and other consumer goods, should have to continue in effect to subsidise the price of tea to the British housewife.

In the current year our crop has suffered due to a strike on Gonsale's Estate. Despite this the yield for the first 7 months has been just about the same as in 1970. About 80 per cent. of our estimated 1971 crop has been sold, realising a net price only fractionally lower than in the corresponding period of the previous year.

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A. E. J. Emmet, O.B.E.
(Chairman)
A. D. McLeod W. T. Williams
D. S. Clabaut, D.S.C.
Issued Capital: £1,041,146
Adjusted net Group Profit 1970 £51,500
Recommended dividend: 34p
Share Price at 24th August 40p
Tea Yield per acre 1,215 lbs.
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21, Mincing Lane, London, E.C.3.

European News

Ministers resign for Greek reshuffle

By Our Own Correspondent

ATHENS, August 24.

The 29 members of the Greek Cabinet today submitted their resignation to Prime Minister George Papadopoulos at his request sources close to the Government said. The Premier is expected to carry out a major reshuffle of his military supported Government to-morrow or Thursday. The last Cabinet reshuffle was in June 1970.

According to well informed sources the Premier intends to bring drastic changes to his Cabinet and increase the number of Ministerial portfolios. Politicians from the pre-revolutionary era and a number of technocrats are expected to take up Ministerial posts thus giving the regime a more political and liberal image.

The Cabinet shake-up is understood to be the first in a series of steps to be taken by Premier Papadopoulos towards restoration of Parliamentary rule in Greece. The Premier is expected to indicate the future course of the revolution and what his regime's foreign policy will be at the inauguration of the Salonica trade fair on Saturday.

Wooling

In recent weeks the regime has been susceptible to pressure from the U.S. which has been trying to force Papadopoulos's hand to take political decisions. Early in August the U.S. Senate voted against giving Greece \$118m. in military aid because of the regime's failure to restore Parliamentary rule.

In an interview with a foreign newspaper last week Premier Papadopoulos claimed that it was not the Soviet Union which was wooling his regime but Greece's allies who were driving his Government into the non aligned camp.

In his speech on Saturday Papadopoulos said that he was anxious for all remaining political prisoners except those sentenced for bomb explosions, the lifting of martial law, or municipal elections.

East and West Germany discuss Berlin pact

BY OUR OWN CORRESPONDENT

BONN, August 24.

REPRESENTATIVES of the East and West German Governments are to meet in East Berlin on Thursday—a week earlier than originally planned—to discuss the implementation of the Berlin agreement, the draft of which was completed by the Ambassadors of the four powers yesterday.

But only when the draft has been finally approved by the Governments of the big four and by the West German Government will the intra-German talks deal with the technicalities involved. The purpose of Thursday's meeting, however, is to discuss the draft of the agreement, which is to be drawn up by the four powers in the office of the West German Chancellor, Herr Brandt, and Herr Michael Kohl, a senior East German official, is to draw up a programme for the negotiations.

Talks between Herr Brandt and Herr Kohl have been taking place at intervals for many months, but they have been marking time until the four-power negotiations were concluded. Nonetheless, it can be assumed that a much of the preliminary work has been completed, so that once the detailed negotiations start

agreement should be reached within a few months.

The task of the East and West German officials is to work out a scheme under which the principles of unimpeded access to West Berlin from West Germany, as laid down in the four-power agreement, can be put into effect. Under the agreement, East German control of transit passengers is to be limited to identification, and goods traffic by rail and road is to be sealed before crossing East German territory.

The intra-German talks will also be concerned with visits of West Berliners to East Berlin. Under the four power agreement, West Berliners are to have the same rights in this respect as West Germans.

At a meeting of most of his ministers today, Herr Brandt described the draft agreement as "a most important interim result" of the Federal Government's policy. The Foreign Minister, Herr Scheel said it was a big step forward. The Cabinet is to meet to-morrow to make a closer appraisal of the draft, but it will delay issuing its final judgment until the agreement is

published, probably in two weeks' time. The opposition is waiting until it has been informed to-morrow of the contents of the draft before making an official comment.

Most Press comment concludes that the allies have wrung from the Russians as much as could reasonably be expected. But the opposition newspaper Die Welt said the future position of West Berlin will be a status quo minus. The paper echoes opposition suspicions about the intra-German talks. The fact that the East Germans were to talk about access would undoubtedly mean that the responsibility for this would gradually be shifted from four power to German shoulders.

East Berlin: East Germany to-day officially welcomed the four-power draft treaty on Berlin and pledged its aid in carrying it out. The official news agency ADN said the East German Cabinet at a meeting to-day "registered with satisfaction" that the ambassadors of the four powers could achieve such an agreement on West Berlin which in suitable for easing tensions in Central Europe.

The ADN report of an official Government statement referred not to Berlin as a whole, but only to West Berlin. It stressed that East Germany was in "complete agreement" with the Soviet Union "in the question of West Berlin."

The Cabinet statement said: "Based on full agreement with the Soviet Union on the question of West Berlin, the Cabinet stressed its readiness to help fulfil the agreement with its contribution, as it previously has (contributed) to the constructive suggestions and negotiations."

Irish objections to U.S. airlines increase

BY DOMINICK J. COYLE

DUBLIN, Aug. 24.

LOCAL AUTHORITY and tourist interests in the mid-west region centred on Shannon Airport intend mounting a major campaign with Irish-American groups in the U.S. in an effort to prevent American airlines securing landing rights at Dublin.

The U.S. State Department has formally notified the Irish Government that Aer Lingus

Irish, the national carrier, will be barred from Kennedy Airport, New York, from August of next year if American airlines are still refused rights into Dublin. Alderman Patrick Kennedy, a member of the Limerick City Council, has been in touch with Senator Edward Kennedy to get his support for the campaign to keep the U.S. carriers out of Dublin.

"Hot" autumn for Spain

BY OUR OWN CORRESPONDENT

MADRID, August 24.

THE CONTINUING price rises in Spain have brought warnings from union leaders that there may be trouble this autumn if the Government does not impose the "anti-inflation measures" which were promised earlier this year but never put into practice. A Sindicato (trade union) leader warned that there could be strikes and other troubles if prices rise as is feared.

To-day's prices of newspapers were officially increased by about

20 per cent. to Ptas. 5, and will, according to an official announcement, be increased to Ptas. 6, by the end of this year. When his fares were recently increased there were riots and several huses were hurt.

All this has led observers to forecast that the cost-of-living index will increase by at least 12 per cent. this year. At the same time unemployment has recently increased to almost 2 per cent. of the total labour force.

12 PORTUGUESE TO STAND TRIAL

LISBON, August 24.

SECURITY police said last night that 12 persons, including one woman, had been arrested on charges of activities against the security of the state. A spokesman said all were Communists.

The police statement said the cases had been sent to the criminal court of Lisbon for trial. According to the statement, except for the woman, Maria Joaquina Domingues, an office clerk, all those arrested are trade workers.

A police spokesman said the 12 were arrested on charges of involvement in the urban guerrilla movement Armed Revolutionary Action UPI.

Other Overseas News

IN BRIEF

● **CYPRUS**—President Makarios will visit Athens shortly for talks with Greek Premier George Papadopoulos on the Cyprus issue.

● **JAPAN** has recognised the newly-independent island state of Bahrain, the Foreign Ministry announced.

● **CONGOLESE** rebel army General Nicolas Olinga and four others were sentenced to 10 years' imprisonment on charges of subversion. Two others were sentenced to two years. Two others were acquitted. They were accused of plotting to kill President Mobutu or to overthrow the regime, failing to denounce the plot and of subverting the army.

● **THAI** forces have been pulled on the alert against 1,000 Burmese rebels fleeing towards the Thai border, reliable Government sources said. The rebels have reached Burmese territory opposite Thailand's Kanchanaburi province, about 100 miles west of Bangkok. They belong to the guerrilla army of former Burmese Prime Minister U Nu and allied minority groups.

● **GHANA'S** Parliament has passed an urgent bill outlawing the revival in any form of ex-President Kwame Nkrumah's Convention People's Party (C.P.P.). Government and opposition members were still arguing fiercely over the legality of the bill, when it was approved by 82 votes to 16.

● **JAPAN'S** Automobile production in July totalled 492,830 units, down 0.7 per cent. from June, but an increase of 12 per cent. over July last year. The Japan Automobile Manufacturers Association said.

● **NEW DELHI**—A wave of heavy monsoon floods sweeping through north-east India has completely inundated Malda, a city of about 60,000 people in West Bengal. The Press Trust of India said almost the whole of the town was waist-deep under water as floods from the Ganges and Mahananda rivers rushed in from both south and north.

Zambia denies detention allegations

LUSAKA, August 24. ZAMBIA'S Home Affairs Minister Mr. Lewis Chagufu, today denied that the detention of two lieutenants of former Vice-President Simon Kapwepwe was connected with the emergence of his new opposition party. In a statement, Mr. Chagufu said the two had been detained on grounds of public security after their activities had been under police surveillance for some time. The two men are Mr. Henry Nsoni, a former diplomat, and Mr. Zilele Mumba, another former state official. They were among the men who sat with Mr. Kapwepwe when, at a Press conference on Sunday, he launched his new United Progressive Party and pledged to oppose the administration of President Kenneth Kaunda.

In another development today, Dr. Kaunda's governing United National Independence Party (UNIP) charged that Mr. Kapwepwe, who broke away from it to go into opposition, had been reluctant to make the move. But, UNIP contended, to its first comment on the affair, he had been the victim of a "hoax" from his followers if he did not join the new group. *Reuter*

Marcos crisis deepens, Liberal leader accused

BY OUR OWN CORRESPONDENT

MANILA, August 24.

SENSATIONAL revelations and charges today have only deepened the sense of division, uncertainty and crisis created by the presidential suspension of habeas corpus rights yesterday.

President Marcos has alleged the imminent danger of Communist insurgents setting fire to Manila, undertaking political assassinations and kidnapping top officials. The President has appealed to the Communists not to proceed with their plans for violence and disruption, and has directly threatened the imposition of martial law if his appeal goes unheeded. The President admitted that many subversives eluded arrest or receiving an advance tip-off of the suspension of habeas corpus.

The President also accused the one major opposition leader not injured in last Saturday's bombed political meeting, Senator Benigno Aquino, secretary-general of the Liberal Party, of giving arms to the Communists and of having been in political collusion with the Communist New People's Army, and the revived, Maoist section of the Philippine Communist Party.

Late last night the Senator waived his parliamentary immunity and has asked the President to bring his case to court.

Earlier, in a privileged Senate speech, the Senator likened last Saturday's meeting to the burning of the Reichstag, and accused Hitlerian tactics in that he is using anti-Communist tactics to establish a dictatorship.

All this, together with five confirmed bomb incidents in and around Manila on the last two nights; the announcement that the Liberal Party will contest the suspension of habeas corpus in the courts; and the President's announcement yesterday having received a fairly critical reception. Five thousand students and youths from the Kabataan Makabayan — an organisation the main Communist front organisation — demonstrated peacefully in Manila this afternoon.

Filipino politicians are traditionally volatile and filled with sensation-seeking, but current developments have made for an uncertain and unstable situation, in which more violence, from sources or another, is to be feared. Critics of Presidential actions are torn between fear of Communist activity and fears of the ever increasing powers accruing to the President.

The revelations and divisions together serve to remind of a statement once made by President Marcos himself: "The Philippines is a social volcano which could explode with or without the benefit of Communist prodding."



President Marcos

Soviet technical team returns to Indonesia

THE first Soviet technical mission to Indonesia for more than five years arrived here today to make a two-month study of two abandoned Russian aid projects. Soviet engineers walked off the projects in 1966 when Moscow suspended aid to this country in the bloody aftermath of an abortive communist coup a few months earlier.

The 13-member Soviet team which arrived today aboard the weekly Aeroflot flight from Moscow is led by Mr. S. D. Evenchik, vice-director of the Moscow Chemical Institute. The rest of the 26-member mission will arrive over the next two weeks.

The team will study the feasibility of resuming work on a steel mill at Tjilatjap, 30 miles west of Djakarta, and a fertilizer plant at the central Java port of Tjilatjap. The two projects have already cost the \$45m.

Soviet embassy officials said today the technical teams, comprising chemists, metallurgists, and engineers, would estimate the total cost of finishing the two projects and the Indonesian and Soviet Governments would then discuss terms for financing their completion. Original plans called for the construction of power stations at both sites.

Several other Soviet aid projects, including an oceanographic institute in Ambon, an atomic reactor at Serpong near Djakarta and a projected 300-mile long highway in Kalimantan, also came to a premature end and there has been no word so far on their possible resumption. Embassy officials made clear that this mission would only look at the Tjilatjap and Tjilatjap projects. *Reuter*

DIJAKARTA, August 24.

INDONESIA'S Parliament has passed a law providing for firm Government supervision of the monopoly state oil company Pertamina. The bill, passed by the House of Representatives yesterday, sets up a three-man Government board of commissioners to watch over the company and stipulates that Pertamina should pay 60 per cent. of its net operating income to the state treasury. *Reuter*

OIL LAW

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Report stresses growing third world debts

BY OUR OWN CORRESPONDENT

GENEVA, August 24.

NOT only have the people of developing countries become relatively poorer in the last ten years compared with living standards in industrialised countries, but the external indebtedness of developing countries has also increased at a startling annual rate of 13 per cent.

The implications of these two developments, outlined in a report to the eleventh session of the 55-nation United Nations Trade and Development Board which opened here today, underlay all the preparations for the third full UNCTAD conference to be held in Santiago, Chile next April.

The report notes that the Gross National Product of developing countries as a whole increased by an average of 5.1 per cent. in the last decade—somewhat above the minimum target set by the United Nations. But in per capita terms, growth in these countries was reduced to 2.4 per cent. compared with 3.7 per cent. for developed market economies and 5.5 per cent. for Eastern Europe.

Thus, despite the progress achieved, "the relative position of the developing countries has not improved and the income gap continued to widen," the report says. It adds that by the end of 1969 external debts of developing countries amounted to some \$60,000m.

Of the main defendants four headed the Vanguard organisations in the four Cairo zones, while the former Interior Minister Sharawi Gomaa was the secretary.

Another accused, Ahmed Kamel, former chief of intelligence, was a member of the Vanguard's secretariat. The indictment claims that Gomaa, former Presidential Affairs Minister Sami Sharaf, former Information Minister Mohamed Fawzy, former Housing Minister Saad Zayed and former Power Minister Helmi el Said, in their capacities as heads of the Vanguard branches in the four Cairo zones ordered others to sow dissension, distribute leaflets against President Sadat and organise demonstrations.

Abdel Mustafa Ashwah, an accountant and Vanguard liaison officer, is charged with receiving from Gomaa and carrying out a plan to "topple the Government by force through the exploitation of the Socialist Vanguard."

He is also said to have helped evaluate Vanguard members of the ASU central committee and in the peoples assembly to "liquidate" those who supported Sadat. Two of the accused are charged with burning Vanguard documents and records once the plot had been foiled. Ahmed

CHINESE MEET MALAYSIAN PM

By Our Own Correspondent

KUALA LUMPUR, August 24. THE first Communist Chinese mission to Malaysia today held talks with Prime Minister Tun Abdul Razak and Commerce and Industry Minister Mr. Khir Johari. The meeting with Tun Abdul Razak lasted 40 minutes.

Former Vice-President Ali Sabri, charged as the "Prime instigator" of the plot, is not listed as a Vanguard member, but as a former ASU Secretary-General, head of the party youth organisation and chairman of the key organisational committee. He clearly had close contacts with it.

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Sudan says USSR is dumping cotton

By Richard Johns, Middle East Correspondent

THE SOVIET Union has recently been "dumping" Sudanese cotton purchased under trade agreements with Khartoum in the West European market, according to sources on the Liverpool Cotton Exchanges. The Sudanese Government is accusing the Russians of selling its cotton in third markets below the price that the state marketing corporation is charging.

In a recent interview with the Khartoum newspaper Al Ayam Mr. Mohammed Idris, the Sudanese Minister of State for the Economy, had been offering Sudanese cotton at a discount of up to 10 per cent. in deals which he termed "traditional and substantial" buyers of Sudanese cotton.

At the same time, Mr. Idris also said that the Soviet Union had raised the price of the goods sold under the trade agreement signed in November 1969, which set Sudanese purchases at \$12.2m. (near £4.5m.). The deal laid down that the Soviet Union should buy \$15m. worth of cotton, with the balance of \$3m. being paid in hard convertible currency.

In the current 1971-72 season the Russians are expected to buy 300,000 bales of Sudanese long-staple cotton, a quarter of 1.2m. bale crop. Another 100,000 bales are destined for other East European countries, 250,000 to China and 350,000 to India under the trading discount agreement reached with New Delhi.

This has left only a small proportion of the commodity, accounts for over half of Sudan's exports, available for earning hard currency. As one broker put it yesterday, "The Sudanese have been very bam-handed in threatening Western buyers with pledging all their cotton to the East bloc and, in fact, virtually ending up doing so."

The state corporation set up following the May, 1970, nationalisation measures is said to have been inept in its marketing operation this year. About three-quarters of the crop was the new variety Barakat, rather than the Lamheri which buyers are used to. It has been badly ginned, the classification has been poor, and no samples were made available to Western buyers.

Export News

BL's truck and bus sales soar

BRITISH LEYLAND'S truck and bus division has announced record exports valued at \$45m. during the six months to the end of June, 1971. During the period the division shipped overseas 15,249 commercial vehicles representing an 8 per cent. increase over the corresponding period in 1970 and 9.1 per cent. up on the 1969 level.

Truck exports were 5 per cent. higher at 13,038 units while bus exports jumped by 30 per cent. to 2,213 units. Almost 50 per cent. of these shipments were in completely knocked down form for final assembly at British Leyland factories in 16 overseas markets. The largest market for British Leyland truck and bus exports was the Continent of Europe which took 8,739 units, an increase of more than 50 per cent. over the first six months of last year.

HOME CONTRACTS

Mather and Platt in £2m. deal in Libya

MATHER AND PLATT has won a £2m. contract to supply finishing machinery and ancillary equipment for a new textile complex to be built in Libya. Mather and Platt will participate jointly with Inti of Switzerland and Star Trading of India on the complex which will be built at a cost of 10m. Libyan pounds.

Orders worth more than £200,000 for communications equipment have been won by Ericsson Marine, the recently-formed British communications department of the Swedish Ericsson Group.

The orders comprise radio equipment for ships under construction in Norway, Denmark, Sweden, France, Finland and Poland, including five turbine tankers of 250,000 dwt. under construction at Aker in Norway for Hagberth Waage; two very large (250,000 dwt.) crude carriers being built at Odense Stalskipsverft in Denmark for Sig Bergeesen Dy and Co., and a 101,000 ton bulk oil carrier being built at Oresundsvarvet Landskrona in Sweden for Brodrene Olsen. They also include a 10,000 ton passenger ferry for the Fred Olsen Line due for delivery in 1972.

John Holland (Construction) and William Press and Son have been awarded a \$A1.4m. contract for the installation of additional plant at the Queensland Alumina complex at Gladstone, Queensland. The contract covers piping and equipment setting and includes vessel and plant fabrication.

MANAGEMENT EDUCATION

New training to create a breed of 'super' salesmen

BY DAVID CURRY, EXPORTS EDITOR

THE Institute of Export has launched a major development of its export management and marketing training programmes. The revised syllabus of its "export degree" course has received the plaudits of the United Nations International Trade Centre (UNCTAD/GATT) which devotes about a quarter of its quarterly journal Forum to a detailed description of the British scheme.

At present the Institute has between 1,200 and 1,400 people taking its examinations annually at the intermediate or Final level. The qualification to take the examination is five "O" levels and relatively few of the students who normally work through correspondence courses or colleges of commerce have degrees.

The new syllabus, introduced yesterday, drops the intermediate examination which had

papers in commerce, English for commerce, economic geography and law for all except overseas students. British students will be required to have the ordinary National Certificate in Business Studies with credit passes in the subjects which would formerly have been taught at intermediate level. This normally takes two years.

Accounting

The final examination papers spread over two years with consist of questions dealing with legal aspects of export trade, international trade and its finance, cargo insurance and transportation and documentation (for Part 1), and export distribution and promotion, export markets, research and statistics, export management accounting, and practical exporting.

Two new features are the introduction of management accounting (because the Institute has no idea how to cost products effectively and in many cases sell at a loss) and the paper on practical exporting.

In this paper the student will be given a problem a week before the examination (for example the sudden closure of the Suez Canal), and asked to prepare a report on how this affects the company's dealings.

These courses will be taught through polytechnics, colleges of commerce and correspondence. The Institute is stressing the importance of salesmen in the field having a thorough working knowledge of issues that are normally dealt with at head office and a head office staff appreciating conditions in the field.

At the same time it is firm setting its face against the "only learn on the job" school of management by emphasising the complexity of the business of exporting in terms of accounting, costing, documentation, international and national law and freight. Its real targets are the companies who regard exporting as a peripheral activity designed to take up slack in time of poor demand, get their sum wrong, then decide that exporting is unprofitable and never try again.

The Institute is planning two further steps. Several polytechnics have applied to the Cambridge National Academic Awards for permission to run degree courses in international trade and marketing. The Institute hopes that it will be consulted in drawing up the syllabus and is prepared to give member companies to those obtaining the degree.

It would also like to administer either an advanced diploma in international trade or work to incorporate international trade in management diploma courses for graduates. Its aim is steadily to increase the quality of students and create a breed of "professional exporters" with vocational and academic qualifications at the highest level.

Menswear fair may net U.K. £1m. orders

FINANCIAL TIMES REPORTER

THE results achieved by the 43 British clothing manufacturers participating under a Clothing Export Council's sponsored scheme in the Cologne International Menswear Fair, which ended on Sunday night, was a "great and unqualified success," the Council stated yesterday.

Preliminary reports by the manufacturers show that during the four days of the fair they took orders to the value of £831,000. The Council had set a target of £800,000, which was £300,000 higher than the figure reached at last year's event. It is felt that the inquiries received during the exhibition will probably push the final total past £1m.

Mr. Julian Clifford, head of the Menswear Division at the Export Council, said: "During the run of the Fair there was confusion on the international monetary scene and many buyers were obviously worried and somewhat reluctant to enter into large commitments. Had we reached only £500,000 we would in the circumstances have been very pleased, but topping our target, set months ago when the climate was calm and favourable, is a great achievement. Of the 43 companies taking part no fewer than 38 immediately rebooked for next year's Cologne Fair."

One of the highest buyers at the British stands was Mr. Marvin Hollinger, president of a large Canadian importing house. Within an hour of the opening he placed an order worth \$150,000. He expects to place a further \$350,000 worth of orders with British companies this year.

The new company, El Fresno S.A., is marketing frozen foods in Spain under the Vida brand name. A range of vegetable packs has been launched in the Madrid, Valencia and Seville areas preliminary to national distribution through the Vida grocery and catering sales force, as well as through selected frozen food distributors.

An associate company in the BOC Food Services Division, J. Muirhead, which distributes frozen foods to major catering and freezer food wholesalers in the U.K., will be a large customer for vegetables produced by

El Fresno at its processing and packing plant at Badajoz in South-West Spain.

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This announcement appears as a matter of record only



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Banque de Commerce S.A.

Banque de l'Indochine

Banque de Paris et des Pays-Bas

Banque de Suez et de l'Union des Mines

Banque Internationale à Luxembourg S.A.

Banque Lambert S.C.S.

Banque Nationale de Paris

Banque Populaire Suisse (Unterwriters) S.A.

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The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

AUTOMATION

Controlling ships from the bridge

RECENT type approval by the Lloyds Register of Shipping for the GEC-Elliott Process Automation computer-based automatic watchkeeper system has been further reinforced by approval from the American Bureau of Shipping and Bureau Veritas. No other computer-based automatic watchkeeper system can claim this "hat trick" of certification, so far as is known.

Meanwhile, the company has announced the receipt of an order from Duxford and Sunderland, marine engine division, for a standard computer-based automation system for their new marine engine test beds. The equipment, in addition to the 40 such equipments (worth some £3m.) applied or being supplied

gives the company a lead in the world market for robot watchkeepers.

Facilities for Duxford and Sunderland will be mainly for control, performance calculations and data logging on the four-cylinder 10,000 hp prototype of the new Duxford "Seashore" medium speed marine engine range. This order is significant as it could lead to many further sales for marine automation systems.

First contract

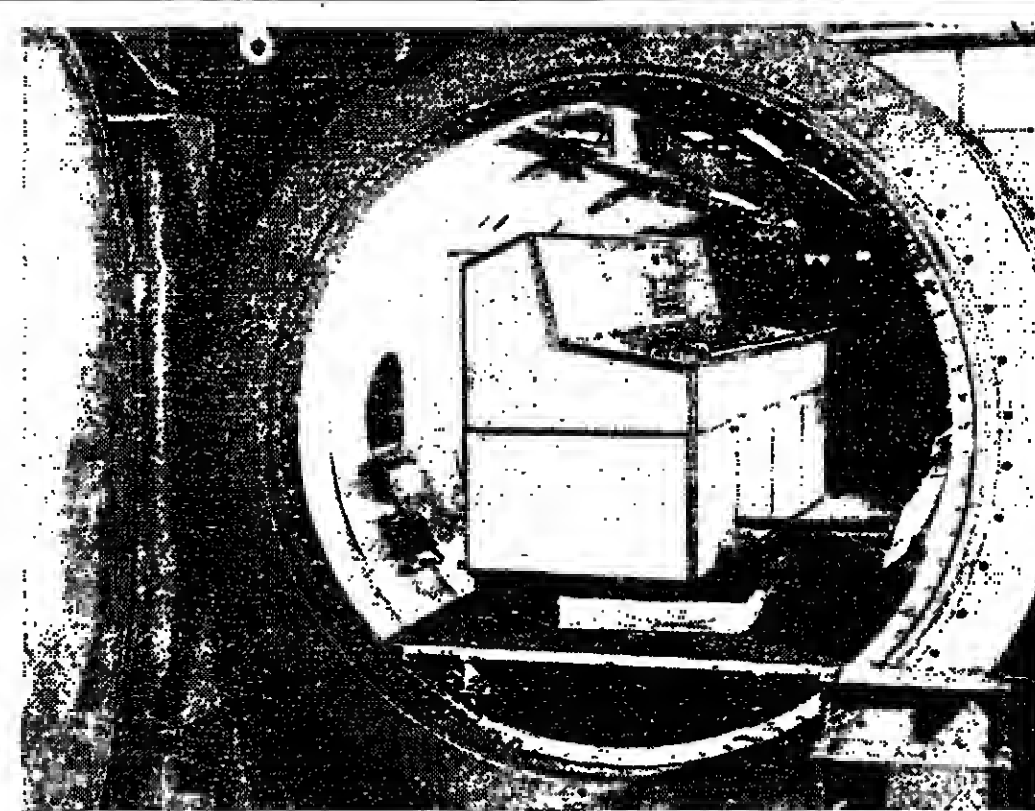
The first vessel to be equipped with the GEC-Elliott Process Automation Watchkeeping System is the Glen Avon. This 800 dwt sledge carrier is operated by

Bristol City and County Corporation with a completely unmanned engine room. In service for the past two years in the confined waters of the river Avon and the Bristol Channel, the Glen Avon has proved the benefits of an advanced marine automation system and has operated without any marine engineers on board, giving a 35 per cent reduction in crew. The ship and all its machinery is easily controlled from the bridge.

For the White Fish Authority, the company is providing a computer-based watchkeeper system incorporating some degree of control for the St. Jaeger, a modern stern freezer-trawler designed from the outset for unmanned engine room operation.

Over 850 parameters are monitored via a MARCH 2112 computer, including 480 digital points and a number of control functions.

In the 38 fast cargo vessels now building in three Brazilian and in two continental shipyards, the standard GEC-Elliott MARCH 2112 automation watchkeeper system is being installed. Although four types of main engines and other differences in the machinery are involved, this system enables all operational facilities connected with controls, displays and even data logging, to be identical on each ship, giving the various Brazilian owners complete flexibility in manning the ships and minimising training problems.



A console version of the March 2112 marine automation watchkeeper undergoing the severe test programme demanded by shipping authorities. It is seen in the EAC

environmental chamber at Stevenage, where it undergoes dry heat at 70 degrees C as well as humidity and temperature cycling down to minus 10 degrees C.

FARMING

Handling hay and straw

A SYSTEM that is claimed will greatly facilitate the handling of hay and straw bales both from the field into barn and then for feeding stock has been developed by Bale Handlers (Wallingford), 80, Wantage Road, Wallingford, Berks.

It consists of a bale gatherer which picks the bales up in the field and ties them in a "super bale" of 20 bales, weighing perhaps half a ton.

These "super bales" or blocks are tied together with a nylon band and are handled by a tractor loader. With this, it is claimed, one man can stack up to 1,200 bales an hour, or trailers can be loaded at a rate of 1,500 bales an hour. Little or no roping is required.

On arrival at the buildings the bales can be off-loaded and stacked with the same loader and the hay or straw is stored in the blocks until it is needed during the following winter.

Prototype machines are already working in the Wallingford area.

ELECTRONICS

Protecting art treasures

IT IS doubtful if any electronic burglar detector will ever be proof against a determined and possibly scientifically knowledgeable criminal. The villain's final answer of finding and disconnecting the power supply is not that easy to counter.

But as the police continually remind us, any kind of deterrent is a good thing, and to this end Thermal Control Company has developed a system of 138 Old Shoreham Road,

Hove, Sussex has developed a proximity detector working on the principle of capacitance sensing. The detection unit can be any metallic object not directly grounded and could for instance take the form of a foil backing to painting or a display cabinet. Then, anyone coming within two or three feet of the foil alters the capacitance to ground and triggers off an alarm. Several sensors can be connected together by a con-

cealed coaxial cable running to the central unit. The method has the advantage that the foil can be built in to wall finishes and in fact detection is possible through a solid wall. The control unit measures 9 x 6 x 3 inches, has adjustable sensitivity control and requires either mains or 12V battery. Alternatively it can be mains powered with standby batteries and fail-safe charger.

SOFTWARE

Discord in the arena

MENTIONED briefly during the Logica annual report meeting on August 12, the latter company's study of the software industries in the U.S., France and Britain, is to say the least somewhat damaging as to the quality of the work turned out in Britain.

The report, sold at £5.50, is released this morning and it repeats in detail the startling conclusions retailed during the earlier Press conference that average revenue per professional in the U.K. for 1970 was only £3,800 against £7,700 in France and £10,400 in the U.S. It also mentions the fact that U.S. central government spending on

software in that year was £40m. against only £1.2m. by the U.K. Government, though on a pro rata basis the figure should have been about £10m.

There is no disagreement in the software industry that the Government should use independent facilities more than it does. Where the disagreement lies is between the figure for the per capita output claimed by Logica and the figure of £8,000 per capita put officially to the Select Committee for Science and Technology's Sub-committee A as the best available estimate of what the industry's performance was in 1970.

The answer probably lies in the extremely lengthy list of companies described as being in the software industry, though whether they would be recognised as such by the Software Association is a moot point.

CONSTRUCTION

Insulating taxiways from frost

EXTRUDED polystyrene foam insulation has been used in the construction of two taxiways at Anchorage International Airport, Alaska, in a bid to overcome damage caused by frost.

Over 1,000 cubic metres of Styrofoam III—manufactured by Dow Chemical Company—was used to insulate the frost-susceptible subgrade against the formation of ice lenses.

Having excavated the taxiways to a depth of 3 feet, a 2-inch layer of foam was attached to the subgrade with 4-inch-long wooden skewers. A second 1-inch layer was then applied with the

joints staggered and then 20 inches of aggregate sub-base were added. The graded base was later capped with a 4-inch asphalt top.

Without insulation, the taxiways at Anchorage, would have necessitated excavation to 10 feet rather than 3 feet.

Larger mobile site light

AS winter approaches, companies in the construction industry among others will be considering temporary site lighting to enable work to carry on as the hours of daylight become less.

Simplex Interline Trading Company is introducing the Senior Trailalite 60 ft. model as

an addition to its range. Capable of illuminating an area 300 yards in diameter, the equipment is a scaled-up version of the standard 25 ft. model.

The unit's telescopic mast carries a gallery at its head with four 1,000W mercury discharge lamps so arranged that they can be adjusted to give the most useful lighting.

Power for the 7.5kva generating set is provided by a Petters diesel engine. The switch gear and control equipment taking the current is located in a glass fibre housing mounted on the 2-wheeled steel chassis.

Designed to remain stable in continuous wind loadings up to 80 mph, the mast requires no external guide lines as support is provided by built-in jacks. Priced at £1,850, the units have applications wherever there is no mains electricity.

The company is at Botany Industrial Estate, Tonbridge, Kent.

PRODUCTS

Trims laminates

AN EDGE trimming tool for use with plastic laminates is now available from Rotting and Cutting Aids, 1, Lechmere Road, London, N.W.2. Known as the CT249, it will trim the overhanging lip of laminates at angles of 90, 60, 45 or 30 degrees. Alternatively, it will trim efficiently the laminate strip planted on the edge of boards.

The tool, which is power operated, has a self-aligning swivel guide which ensures accuracy of cutting, even when working on shaped panels. A range of cutters is available to perform a variety of different trimming operations. The tool is said to be easy to handle and weighs 4½ lb.

Instant response motors

ANY applications requiring extremely rapid response from "positioning" or "servo" control motors can, it is claimed, be met by a range of permanent magnet i.e. high torque motors made by Analog Devices, Edan Street, Kingston, Surrey.

Applications envisaged for the motors include: tensioning in weaving and spinning machines, tape tensioning and other computer peripheral applications, line wire drawing, data retrieval systems, machine tool controls and high speed printers. There are eight frame sizes in the range from 1.5 inches to 3 inches diameter. The permanent magnets are specially designed and the armatures surface wound to reduce cogging

torque to zero. The main feature of the motors is their speed of acceleration to full torque, for example, the 1.5 inches diameter motor produces full response on demand in 60 microseconds, the 3.2 inches motor in 100 microseconds and the 9 inches in 300 microseconds. Peak torques range from 0.5 lb. feet to 80 lb. feet and free-running r.p.m. from 10,000 to 18,000.

Removes lawn mower blades

WORN and damaged lawn mower blades can be cut out of cylinders measuring up to 36 inches long by the use of a machine developed by Blakesley Reid, of Mountsorrel, Leicestershire.

Suitable for mounting on existing work benches, the machine, called the Blakesley C01 cylinder blade cutting out machine, is said to offer greater accuracy than the conventional oxy-acetylene cutting method. Essentially, the machine consists of an adjustable right hand traversing cutting tool with rubber-bonded cutting wheel, 3 hp motor, tall stocks, height adjustment screws, locking device and spindle.

Wire mesh belts

GALVANISED mild steel or stainless steel wire mesh belts have been added to the range of equipment manufactured by Associated Conveyors, of Cardiff. Suitable for use under oily, hot and abrasive conditions, the mesh can be produced with a pattern specification to suit requirements. The drive is a totally enclosed geared motor unit and all drums and idlers use ball or roller bearings.

Storage tubes

A SERIES of storage tubes originally developed for the Royal Radar Establishment has now been made commercially available by Cathodeon of Nuffield Road, Cambridge.

These tubes will record a single short exposure in X-ray work and will then display the image for up to 30 minutes, thus tending to reduce X-ray exposure.

The new C968 range has applications in radar, television, computer displays, analytical read outs, electron microscopy, medical and industrial X-ray and other techniques where a transient signal is involved and needs to be stored over a long period. Where only a weak signal is available, the desired image may be integrated over a period of time.

Medium power rectifier

A PLASTIC encapsulated silicon controlled rectifier series with a rating of 8 amperes has been put on the market by International Rectifier of Hurst Green, Oxford, Surrey.

Designated IR122, it covers a voltage range of 50 to 400 and is claimed to be the first in its class with a guaranteed rate of change of voltage selection, control over which is necessary to prevent an SCR firing inadvertently due to line voltage transients. The TO-18 package is designed so that the integrated heatsink is built into the device and forms the anode connection.

The device is intended for use in industrial controls, automotive appliances, power supplies, motor controls and similar applications.

COMPUTERS

New minis from world leader

TWO NEW, low-cost, full scale, general purpose minicomputers for the original equipment manufacturer (OEM), the 12-bit PDP-11/05 and the 16-bit PDP-11/05, have been announced by Digital Equipment Co.

Priced at £1,398 and £1,688 respectively for quantities of 10 per year, the machines are complete minicomputers, including 4,096 words of core memory, power supply and operator's console.

The PDP-11/m is the company's lowest cost, general purpose minicomputer. It is hardware and software compatible with the entire PDP-11 family, and its hundreds of software packages. The PDP-11/m features an "OMNIBUS" construction, the company's internal bus architecture, giving the OEM unlimited flexibility in designing his particular system.

Lowest cost

The PDP-11/05 is the lowest cost member of the 16-bit PDP-11 family of computers. It is fully compatible with other PDP-11 computers and has a bi-directional data transfer path which interconnects the core memory, central processor and peripheral devices.

Meanwhile deliveries of computers and associated equipment during the last fiscal year by Digital Equipment Corporation International-Europe rose by 41 per cent to a new high of \$38.9m. They compare with deliveries worth \$27,560,000 for the previous fiscal year.

The company installed 600 computers in Europe during the year, bringing total European installations to 2,405. The worldwide total of digital computers in service now stands at over 12,000.

So far as the U.S. parent is concerned the year ended July 3, 1971, saw net sales at \$146,849,000 compared with \$135,408,000 for the previous year.

Net income, however, was affected by the declining economic climate, and dropped from \$14,400,000 in 1970 to \$10,500,000 in 1971.

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Annual General Meeting held on 24th August, 1971. Financial Year ended 28th March, 1971.

Group Profit £247,917 compared with £324,465 for the previous year. Dividend paid on Ordinary Stock 13% (less Income Tax).

CONSOLIDATED BALANCE SHEET AS AT 28TH MARCH, 1971

	£	£
Share Capital		
Ordinary Stock	1,012,500	1,162,500
Redeemable Preference Shares	150,000	
Capital Reserves		249,752
Revenue Reserves		1,015,253
		<u>£2,427,505</u>
Represented by—		
Fixed Assets		1,653,061
Current Assets	1,529,006	
Less Liabilities	628,526	900,480
		<u>2,553,541</u>
Less Taxation Equalisation Reserve		126,036
		<u>£2,427,505</u>

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Now, with the merger of Dyestuffs Division and the business of Nobel Division in fields other than explosives, a new name reflects the wider scope of our activities.

Under our new name, ICI Organics Division, we shall provide our customers with the same comprehensive and efficient service as before, but on a wider range of chemicals. And that's the only difference our customers will be aware of.

The same sales and technical staff will be there to help and advise.

ICI Dyestuffs Division
Organics
A New Name—A New Age in Chemicals

Imperial Chemical Industries Limited, Organics Division, Hexagon House, Blackley, Manchester M9 3DA

Japan feels in stronger position towards US

BY AL CULLISON

TOKYO, August 24.

THE UNEXPECTEDLY strong showing of the American dollar on European money markets on Monday, allowed the Japanese Government today to reaffirm its stand that Japan will not revalue the yen as a result of bilateral negotiations with the United States. This was clearly evident in statements made by Japan's Economic Cabinet Ministers this afternoon following the morning's post-Cabinet meeting session with Prime Minister Eisaku Sato.

After the morning meeting, which it was agreed that Japan would not itself bring up the issue of yen revaluation during the forthcoming session of the Japan-U.S. joint committee on trade and economic affairs in Tokyo, Japanese Minister of Finance, Mr. Miura, said that the Japanese Government was not prepared to revalue the yen. He said that the Japanese Government was not prepared to revalue the yen, but only in the course of a multilateral agreement to adjust world currency values.

The Miura and Kimura statements confirmed reports from Government sources that the Cabinet was determined not to change the parity of the yen unilaterally, but only in the course of a multilateral agreement to adjust world currency values.

There seemed to be reasons for suspecting today that the Government of Japan would not revalue the yen after a 10-day closure of the yen market, but the Japanese Government's stand was clearly confirmed by the Japanese Government's stand.

WEST GERMANY reacted strongly today to the Japanese Government's stand. The report of the IMF proposal to revalue the yen, which was published in the German press, was met with a strong reaction from the German Government.

Prof. Schiller's statement said the reported revaluation proposals were based on "biased hypotheses". It added that the rates of revaluation discussed at last week's meeting of the EEC Council of Ministers were much lower than those expressed in the Japanese Government's stand.

Caution continues on French market

BY OUR OWN CORRESPONDENT

PARIS, August 24.

THE DOLLAR closed at 5.43 francs on the free market today, a slight improvement on the 5.42 francs of the previous day. The dollar's position on the French market remains cautious, with the French Government's stand on the dollar's value being a major factor in the market's movement.

S. Africa quotes \$ only

BY OUR OWN CORRESPONDENT

JOHANNESBURG, August 24.

IN A DRAMATIC break with tradition, the only exchange rate quoted by the Reserve Bank when it reopened its foreign currency window this morning was that for the dollar. The dollar has been quoted in terms of the Rand, and the Rand has been quoted in terms of the dollar, but the Reserve Bank has not quoted the Rand in terms of the dollar.

Follow-up freeze-Stans

WASHINGTON, August 24. U.S. COMMERCE Secretary, Mr. Maurice Stans, told a news conference that he strongly supports a mandatory follow-up programme when the current wage-price freeze expires on November 12.

It is likely that the Japanese will hold out for at least two or three months or at least until the West Europeans decide whether to change the parity of their currencies, possibly through the IMF meeting set for late next month.

This also may be why the Japanese in their irritation have been using counter-pressure on the Americans to agree to first devalue the U.S. dollar before Japan and the other industrially advanced nations even consider changing parities.

Tokyo financial circles reacted to the reports from Washington that M. Pierre-Paul Schwellitzer, managing director of the IMF, had come out in support of devaluing the "strong" currencies as a means of stabilising the world's monetary system by expressing their agreement "without reservations".

But they were less receptive to news of the IMF draft plan for revaluing "strong" currencies, such as the Japanese yen by 15 per cent, the D-Mark by 13 to 14 per cent, and the British pound and French franc by more than 7 per cent.

THE DOLLAR weakened slightly today and the official fixing this afternoon was at Lire 614.975 against yesterday's 617.55. About \$17m. were traded in Milan and \$4.5m. in Rome.

In Italian monetary circles it was stressed again today that there was no official intervention in the market and that today's dollar rate was, like yesterday, purely the result of supply and demand. The opinion here appears to be that the rate of revaluation of the lira is about 10 per cent.

THE BELGIAN National Bank today apparently sold between 10 and 15m. guilders for the first time since President Nixon made his announcement about the dollar, closed at Lire 154.325 against Lire 153.16 on August 13. The market also showed a recovery today.

There was response yet to the EEC's Foreign Ministers early in September for another try at a joint monetary stance by the Community.

Australian \$ pegged to sterling

By Michael Southern, Australia Editor

SYDNEY, August 24.

THE AUSTRALIAN dollar was, as anticipated, pegged to the pound sterling today as restrictions in foreign exchange dealings by the trading banks were eased. The Reserve Bank issued a brief statement to say that spot transactions facilities had been restored, but it was not yet possible to restore full facilities for forward exchange cover.

W. German £14,000m. road plan

A £14,000M. SCHEME to make the German autobahn system the most comprehensive in the world has been launched by the Federal Transport Ministry.

By the end of 1985, the country will have increased its autobahn network from 2,500 to 8,000 miles under three five-year plans. Half the cost will be borne by the tax on oil, said an official announcement.

The programme includes the improvement of trunk roads, removal of bottlenecks, improvement of connections between industrial and economic centres and the development of feeder roads.

At the end of 1970 there were 17m. vehicles on West German roads. In 10 years time this is expected to increase to 20m. This would mean, if the population remained static that one in three Germans would be car drivers.

TEXAS GOVERNOR DROPS CASE

By Jurek Martin

NEW YORK, August 24.

THE GOVERNOR of the State of Texas has given up his attempt to defy President Nixon's imposition of the freeze on wages. The Governor, Mr. Preston Smith, was advised by the State Attorney-General that he did not have the authority to override the President's order.

Mr. Smith's comment on announcing that he was backing down was: "I didn't have too many illusions about winning this thing but I do know that there was a constitutional question here that ought to be resolved."

CRICKET

India's well-deserved win

BY TREVOR BAILEY

THE OVAL, August 24.

INDIA completed the greatest year in their entire cricketing history by following up their victory in the Caribbean last winter by beating England here to win the short series in this country. A large, enthusiastic crowd, with a high percentage of home-based Indian supporters, turned up to greet this triumph.

Let there be no doubt India thoroughly deserved to win. To their eternal credit they fought back after losing the toss and despite being confronted by a first innings total of 355.

Although it was asking too much to expect England to dismiss their opponents for under 100 on this ultra-slow Oval pitch, more confident they became, the bowlers tried desperately to break the Indian batting.

The day began with India 76 for 3 (Wadekar 45 and Sardesai 13) requiring 97 to win. Predictably, England desperately needed a quick breakthrough opened with the spin of Illingworth and Underwood but in the second over obtained a wicket without the assistance of the bowlers.

When Wadekar was run out without addition to his score attempting a sharp single, but hesitating off the Kent irregular. The way season. It is expected that about 50 sailings will be made from Fleetwood in a full year.

FINAL SCORES

England 355 and 101; India 284 and 174 for 6

played sensibly and straight, concentrated on defence and the runs came in a trickle. None of the bowlers beat the half with the regularity needed to provide a sensational collapse and the longer this pair remained the more confident they became. The score gradually reached 100 and when a further ten had been added Snow, in desperation, gave a bowl, although this very slow pitch gave him no encouragement.

At 124 Sardesai was superbly caught by Knott off Underwood playing a full forward defensive stroke to a ball that turned sharply. England's slight hopes of victory received another boost when Solkar failed for the first time on the tour, being caught and howled by Underwood. Fortunately for India Viswanath continued to defy the bowlers, receiving practical support from Engineer who predictably brought a more positive approach to the proceedings. The two were still together at lunch when only 27 runs were needed with five wickets in hand.

After the interval Illingworth ignored the new ball and the aggressive Engineer progressed steadily, if not entirely happily, towards his target. Eventually Illingworth unwillingly conceded the inevitable defeat by bringing in Luckhurst. With only four needed to win Viswanath, attempting a hit, was caught off the Kent irregular. The way season. It is expected that about 50 sailings will be made from Fleetwood in a full year.

To put everything into perspective England would probably have won at Lords and would certainly have done so at Old Trafford, but for the weather. However there are some obvious deficiencies in the present side and what is really worrying is the lack of young replacements.

Fleetwood to Isle of Man sailings again

PASSENGER sailings from Fleetwood, Lancs., to Douglas, Isle of Man, by the Isle of Man Steam Packet Company began again today after a lapse of 10 years. This fulfils an agreement between the company and the British Transport Docks Board, which operates the Port of Fleetwood.

The Docks Board has carried out improvements costing over £30,000 in Fleetwood's Dolphin berth in the River Wyre to provide accommodation for the Isle of Man steamers. A new access way from the shore has also been provided for passengers.

The service, to be inaugurated at 10.30 a.m. by the steamer Muna's Isle, will operate until September 14. Next year the company will offer mid-week sailings from the end of May until mid-September, with additional Sunday sailings during the high season. It is expected that about 50 sailings will be made from Fleetwood in a full year.

Zurich \$ rate slips back slightly

By Our Own Correspondent

ZURICH, August 24.

THE DOLLAR rate slipped back slightly in Zurich today to Sw.Fr. 3.875/3.925 after a rather more lively day's trading, the gold price being almost unchanged at \$31.15/\$31.35 per ounce.

Bankers were generally satisfied by the Federal Council's decision on Monday to leave matters unchanged in the present situation and to introduce neither a split dollar rate nor a float, though it is felt that the present conditions, with the Swiss National Bank remaining off the market and foreign-trade and services income being tied to a weak and uncertain unofficial exchange rate, cannot continue for any length of time.

The National Bank's intention to intensify its measures to ward off hot money is expected to protect Switzerland sufficiently from speculation when the market returns to normal operation, whereby "tightening-up" rulings might be applied on Monday night's communiqué are generally expected to include a negative interest rate on short-term Swiss franc funds from abroad.

Massive conversions in Israel

By Our Own Correspondent

TEL AVIV, August 24.

SUNDAY'S devaluation of the Israeli pound by 20 per cent, vis-a-vis the dollar has been followed by massive dollar conversions, by an unprecedented turnover on the stock exchange and by large-scale purchases of consumer durables by customers trying to buy goods in stock at the old prices.

The Bank of Israel has introduced a new rate of interest on the profits made by the commercial banks with the Central Bank over and above the deposits required by the liquidity regulations. This is 18 per cent, as compared with 15 per cent for liquidity deposits. As the commercial banks are forbidden under emergency regulations passed by the Knesset (Parliament) to increase their total of loans and credits (except by a very small amount) the new interest rate will give them a very healthy return for their extra funds.

However, bankers fear that the credit freeze will create a new "black market" with businesses borrowing straight from the public and promissory bill turning into promissory notes. Considerable confusion reigns in the economy as to what price increases are permitted and what not, and what stocks will be liable to the devaluation equalisation levy.

SURCHARGE EXEMPTIONS

WASHINGTON, August 24.

THE UNITED STATES today added Canadian and Mexican petroleum to the list of items exempted from the ten per cent import surcharge. At the same time the U.S. reaffirmed that all imports entering the United States under the quota system will be exempt from the surcharge.

These Debentures have been sold outside the United States of America. This announcement appears as a matter of record only.

NEW ISSUE

August 25, 1971

\$25,000,000

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Banque Nationale de Paris Banque de Neufize, Schlumberger, Mallet

Banque Populaire Suisse (Underwriters) S.A. Banque Rothschild

Banque de Suez et de l'Union des Mines Banque de l'Union Européenne Banque de l'Union Parisienne

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SEA DIAMOND CORPORATION, LIMITED

(Incorporated in the Republic of South Africa)

CIRCULAR TO MEMBERS

The report printed below has been issued by The Consolidated Diamond Mines of South West Africa Limited on operations in the concession areas which it leases from Marine Diamond Corporation Limited.

In March this year Members were informed that the lease agreement with The Consolidated Diamond Mines has been renewed, with effect from 1st January, 1971, for an initial period of one year with the right of renewal on a year-to-year basis for a further two years, at a lease rental of R2 000 000 per annum.

During the currency of the lease, The Consolidated Diamond Mines is carrying on operations for its own account and bearing the expenditure thereon. Mining operations ceased in the sea and foreshore areas during April 1971, however, and consequently no further reports will be issued to Members until mining operations are resumed or anything of significance is revealed by prospecting operations.

THE CONSOLIDATED DIAMOND MINES OF SOUTH WEST AFRICA LIMITED

Report on operations during the period January to April 1971 in the areas leased from Marine Diamond Corporation Limited.

Summary of Operations

	Four Months to April 1971	Half-year to ended 31.12.70
Foreshore Mining		
Cubic metres stripped	322 459	869 597
Cubic metres deposits screened	94 850	219 392
Carats recovered	45 414	68 022
Grade-carats per cubic metre screened	0.48	0.31
Average size of diamonds—carats	0.50	0.52
Cost per cubic metre screened	R3.64	R2.87
Working cost per carat recovered	R7.61	R9.37
Average net revenue per carat recovered (after allowing for diamond export duty and royalty)	R27.91	R28.39
Sea Mining		
Estimated cubic metres treated	40 693	13 160
Carats recovered	40 825	16 571
Estimated grade-carats per cubic metre treated	1.00	1.26
Average size of diamonds—carats	0.41	0.42
Estimated cost per cubic metre treated	R33.26	R39.72
Working cost per carat recovered	R23.18	R31.54

The diamonds recovered during this period have not been sold.

MINING OPERATIONS

Expenditure on prospecting and experimental operations in the sea area amounted to R214 137 and prospecting expenditure in the foreshore area amounted to R28 648.

Minig operations were suspended in Mid-April pending improvement of the diamond market, but efforts are being made to develop methods of extending the mining of individual rich gullies into the surf zone.

Sea Mining operations ceased on 23rd April 1971 when the known reserves were depleted.

Gully Sampling
"Bellatrix" was used to investigate gullies occurring in areas of exposed bedrock, but was unable to undertake quantitative sampling. On completion of her deep water sampling programme, "Rockwater" which has a proper mooring system and a plant for the recovery of diamonds, was fitted out for gully sampling in place of "Bellatrix". To facilitate sampling of these gullies, divers are equipped with mixed gas breathing apparatus and specially designed diving suits. Progress has, however, been slow and only four samples were completed which yielded 52 diamonds weighing 14.77 carats.

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA, LIMITED.
Consulting Engineers
per: R. A. Mudd, Consulting Engineer
24th August, 1971.

Jacoll
Hatch

J. COLLETT LIMITED

The 34th Annual General Meeting was held on August 24 in London.
The following are highlights from the circulated statement of the Chairman and Joint Managing Director, Mr. Maurice Morris:

- ★ Group sales were £2,698,277 (£2,807,594) and pre-tax profits were £158,757 (£282,099).
- ★ The year was not a good one for the hat industry. Apart from the general economic conditions and the postal strike the mild weather was not to our advantage.
- ★ Difficult trading conditions have continued throughout the Spring season but our Autumn hat showings indicate that the initial forward orders for next Autumn are at a satisfactory level.
- ★ In the four months that have elapsed since the beginning of the new financial year the pattern of trading has not improved. Although I would expect some improvement from the poor results for the year to 31st March, 1971, I would not expect to see the level of profits for future years reach the record profits attained in the year ended 31st March, 1970, unless some measure of diversification is achieved.

Copies of the full report and accounts are obtainable on application to the Secretary, Charterhouse Square, London, E.C.1.

CELESTION INDUSTRIES

★ **TURNOVER UP** "sales have increased from £2,096,800 to £3,488,000."

★ **PROFIT UP** "profit before tax increased from £92,496 to £157,482."

★ **DIVIDEND UP** "your directors recommend a dividend of 6% compared with 4% for last year."

"I am cautiously optimistic about the prospects for the current year. The first quarter's trading shows a continuation of demand... I expect that we shall be able to achieve a greater turnover and better profits... Much will depend on our management's ability and ingenuity to improve our efficiency in design and production sufficiently to counteract pressures on margins and I am confident that they will succeed."

From the Annual Statement by the Chairman, Mr. D. D. Prens.

Copy of the Report and Accounts may be obtained from The Secretary, 130 Mount Street, London, W1Y 5EA.

BEST AND MAY LIMITED

(Stockists and Distributors of Electrical Equipment)

ANOTHER RECORD YEAR

The following points are taken from the Accounts for the year ended 30th April, 1971 and from the circulated statement of the Chairman and Managing Director, Mr. W. BBS.

	1971	1970	1969	1968	1967
Net Profit before Tax	£22,035	108,730	£1,550	73,230	65,262
Net Profit after Tax	72,035	55,730	50,150	42,680	39,512

Total dividend of 40%, costs £10,000 (covered 1.5 times).
Sales in the first two months of the current financial year show satisfactory increase compared with the turnover of the first two months of 1969/70. The June 1971 turnover was the highest monthly figure ever achieved by the Company.

We are now the Major Distributor for GEC-Henley Limited's engineered products for the area covered by the South Eastern Electricity Board. We have not felt, as yet, the benefit to be derived from this distribution arrangement, but we are confident that this will prove of mutual benefit to all concerned.

Next Finance Bill to stop 'long lease' tax avoidance

A NEW FORM of tax avoidance involving the use of premiums for very long leases payable by relatively small yearly instalments and a final large instalment at or near the end of the lease is to be curbed by legislation in the next Finance Bill. The potential loss of tax is very substantial, the Inland Revenue stated yesterday.

"The device is complex and may involve several intermediaries," it added. "In a typical but simplified example, A grants a 250-year lease to B at a premium of, say, £1m, payable by instalments of £100 for each of the first 249 years and a final instalment of £975,100 in the 250th year; interest is payable on outstanding instalments."

Deferred payment
Under the lease (or a related agreement), B is entitled to assign his liability to pay the instalments and interest. This he does by paying a sum equal to the full premium to C, an associate of A. The full amount of the

premium is thus effectively made available to A now, but he claims that under the capital gains tax rules for payment by instalments (which charge consideration payable by instalments proportionately to the instalments come in), he is entitled to defer payment of the whole of the capital gains tax liability for 250 years.

"There is also evidence that those concerned are turning long leases of this kind into short leases for tax purposes by incorporating a break clause exercisable early in the lease, but in a form which protects any sub-lease made before the exercise. It is clear that this provision is incorporated in order to create artificial tax losses and deductions."

These arrangements have no purpose other than the artificial postponement of liability to tax or the obtaining of tax relief on artificial losses and deductions. The Inland Revenue reserves its right to challenge these cases in the ordinary way, the Chancellor of the Exchequer considers it right to give notice

now that it is proposed to introduce legislation in the next Finance Bill to make the position watertight.

The legislation will apply to transactions of the kind described which are entered into after yesterday and will apply to land or any other asset in the disposal of which these artificial devices are employed. As regards such transactions entered into yesterday or earlier, the legislation will not apply to amounts payable yesterday or earlier.

Nullified

But it will apply to amounts becoming payable from yesterday, and will nullify any future loss relief or other deduction which might have resulted from these transactions.

Taxpayers in doubt whether transactions into which they have entered are within the scope of the Inland Revenue statement are advised to send a full account of the facts and copies of the relevant documents to the Board of Inland Revenue, Somerset House, London, W.C.2.

Scheme with two aspects

A tax expert writes: The transactions referred to appear to involve two separate but related forms of tax avoidance. There is reason to doubt whether the arrangements succeed under present law and it is certainly the intention of the Inland Revenue to challenge them in the courts. In addition, it is intended to introduce new legislation which will clearly cover future transactions.

The first type of transaction covers someone (individual or company) in a position to dispose of property at a substantial profit. In the normal way this profit would attract capital gains tax, corporation tax or income tax and surtax, depending on the status of the vendor. The key to the technique is to grant a very long lease and to sell a premium for a series of instalments payable over (say) 250 years. The liability to pay the instalments is then assigned for a consideration, involving a suitable discount, to a company which is associated with the vendor.

The vendor is then in a position where most of the consideration is only receivable at the end of 250 years, and the tax liability is postponed until that date. The consideration is however received in cash immediately and probably appears in the books of the vendor as a repayable advance. (The advance would of course be repaid at the end of 250 years out of the proceeds of the last instalment. As the vendor is then in a position to dispose of the property, but in the usual case of an industrial or commercial purchaser this liability could be postponed indefinitely.)

By involving a sufficient number of companies in the chain, it would probably be possible to combine deductibility over a ten-year period with an immediate cash payment.

The combined effect of these arrangements would be (if they were effective) to allow the vendor a virtually indefinite postponement of the tax liability on the sale of the property while permitting the purchaser to write off virtually the whole of the cost of the acquisition against taxable income.

figures, allowing for interest, both vendor and purchaser will be better off at the expense of the Inland Revenue. At the end of the 10-year, high-rent period, the "purchaser" would have been able to charge the whole of the purchase cost against income. He would, of course, have a contingent liability to tax should he then dispose of the property, but in the usual case of an industrial or commercial purchaser this liability could be postponed indefinitely.

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Knitwear issue settlement in Glasgow

GLASGOW, August 24.
A PROTRACTED battle by a knitwear company over planning decisions made by Glasgow Corporation has been settled. The building has now been "baptised" at a cost to the Corporation of £32,000.

In the early 1960s the planners scheduled the five-storey factory building of McCure and McIntosh in Rutherglen Road as a site for a community centre in the first major redevelopment scheme in the town. The building was retained for industrial purposes.

In the interval the company acquired an old biscuit bakery premises in the Kinning Park area as an alternative premises. The building was objected to by the planners because its external appearance was old.

After being rezoned for industry, there were prolonged negotiations. The Corporation has now agreed to pay £32,000 for fees and expenses which the company might have incurred along with the acquisition by the Corporation of the bakery premises for £20,000. A company spokesman said today: "Our factory internally is equipped on most up-to-date lines. We employ over 300."

Out-of-town shops report for committee

By Our Own Correspondent

CHESTERFIELD, August 24.
A DETAILED report on out-of-town shopping centres is being prepared for Derbyshire County Council planning committee. The report will be submitted to the committee's October meeting. Until then the committee would make no policy decision, a spokesman said.

Mr. Alwyn Stubbs, chairman of the East Midlands Chamber of Trade, to-night called for greater consultation between the county council and interested groups on this and other major issues. Mr. Stubbs has already warned that out-of-town shopping centres could turn the centres of many communities into "ghost towns."

S. Africa to buy Swallow Raincoats

CROZIER AND PAULING, the Johannesburg import agent, is to market Swallow Raincoats throughout South Africa. Swallow Raincoats is the rainwear manufacturing subsidiary of S. and U. Stores, the Birmingham retailing and mail order group. Mr. Clifford Coombs, chairman of Swallow Raincoats, said yesterday that his company was discussing the introduction of golf wear to the South African market. Crozier and Pauling is understood to have earmarked a substantial proportion of its import quota for Swallow products.

LATEST WILLS

Mr. J. R. H. Sumner, of Droghda, Worcester-shire, former president of Typhoo Tea, left £240,490 gross (duty £28,947) £209,543.
Sir Richard Copeck, of Cranleigh, Surrey, general secretary of the National Federation of Building Trade Operatives from 1921 to 1961, left £32,014 gross (duty £2,141) £29,873.

Coal stocks enough for winter—Ezra

BY OUR OWN CORRESPONDENT

WALSALL, August 24.
also be sufficient. Mr. Ezra added that this was providing there was no abnormal weather or industrial trouble.

There was, he said, a much better feeling in the country about its future. Attendance figures were better than ever, there was more confidence in jobs and more enthusiasm among the workers. Coal would go through a much more positive time in the 1970s. There might be some pit closures in cases of heavy losses, but the days of substantial closures on economic grounds were past. He said export prospects were good and the Common Market would help.

The electricity and steel industries, the NCB's biggest customers, should be pretty well safeguarded, and the domestic consumers should also be supplied, he said. Stocks of smokeless fuels should be sufficient.

Lancaster Carpets buy 5-acre site

BY JOHN TRAFFORD

LANCASTER CARPETS, one of Britain's largest tufted carpet makers, is taking its current expansion programme a stage further with the purchase for £27,000 of a five-acre site at a Denton, Manchester, which adjoins its existing 8.5 acre factory.

The land has been bought from the North Western Gas Board, which earlier this year closed down its gas works there as the area switched to North Sea gas.

As a temporary measure, an inflatable airhouse will be erected on the new site so that carpet may be stored there instead of in the main factory where space is needed for

another £30,000 Singer Cobble II tufting machine, the company's twentieth. The machine is being delivered this month.

A £200,000 warehouse is being brought into operation. In it a £40,000 two-way cutting table for broad loom carpet is being installed, which should cut wastage from the usual 10 to 20 per cent. to little more than 1 per cent. Annual savings of £70,000 are predicted. Although similar machines have been installed abroad, this will be the first in Britain.

Another step in the expansion will take place next April with the opening of a £150,000 office block.

HOME CONTRACTS

Davy & United wins £1m. BSC work

Davy and United Engineering Company (Davy-Ashmore) has received an order worth over £1m. to modernise and extend the 11-inch continuous bar mill at the British Steel Corporation's Park Gate plant, Rotherham works, in the special steels division. The project will be engineered jointly by Davy United and Morgan Construction Company of the U.S.

Dowty Boulton Paul has received an order worth £750,000, for power control equipment for production versions of the Concorde airliner. The company has supplied similar units for all prototype and pre-production aircraft.

Carrier Engineering Company is to build a car body pretreatment and paint finishing plant for the Austin Morris group at British Leyland. The plant at the Longbridge, Birmingham works, will cost £650,000.

GKN (South Wales) is to supply 3,000 tons of mild and high-yield reinforcing steel, for use in a five-mile section of the M5 motorway, now under construction in Somerset. The order, worth about £200,000 is from Cementation.

Amasco Roads (Scotland) has been awarded a £30,633 contract Rural District Council in Suffolk.

by Glasgow Corporation for road asphalt work at Nithill Road, Spalding.

Ford Motor Company has won a £173,000 order from the Automobile Association for 327 Escort cars, which will be used to improve the association's towing service.

Honeywell's industrial products group has won a £250,000 order for control equipment to be installed at the Central Electricity Generating Board's Northfleet power station, which is being converted from coal to oil-firing.

John Laing Construction has started work on a £200,000 contract to modernise 100 houses at Robert Burns Avenue for Clydebank Borough Council. It is scheduled for completion in 15 months.

Fitzpatrick and Son has been awarded contracts worth more than £650,000 for sewer building and a main drainage scheme. The largest, for £360,000, awarded by the Rochford Rural District Council, Essex, is for the main trunk sewer from Hockley to Rochford on which work started last month. Work has also recently started on the £200,000 Cowling scheme for the Claxton Drainage scheme for the Claxton Rural District Council in Suffolk.

GARDENS TO-DAY

You can have too many flowers

BY ROBIN LANE FOX

THE MORE I garden, the more I find that I am moving away from flowers. To those who plant flower-beds and flower-gardens, this must be a contradiction: if gardeners exist for the sake of flowers, how can I talk of a flowerless garden? It would be as if I claimed to be married without even having a wife. But gardens, like wives, are with us all the year round, though the flowers of a plant have come and gone. In a matter of hours, they are Day-lilies, in a matter of weeks if they are Daffodils.

Colour sequence

We struggle to get round this, planning a continuous succession of colours, rooting out the tulips (usually too early) and cramming in the Petunias (often too late). Or we think we are being clever by giving up bedding out and running our herbaceous borders away from the house so that the eye can look down on their graded heights and colours, yellow leading into orange, orange into purple, and purple into blue like so many squares in a child's colouring book.

Flowering shrubs take the place of annuals, ground-cover smothering one week with another, and rightly, we are proud of the labour we have saved. But the victory is narrower than it seems; like those who can seriously oppose the Common Market because of a quibble with its unobtrusive suit with a bearing home weave and a habit of turning golden at his growing tips in late spring. No wonder that Box and Yew make as subtle a picture as any flower-border.

Whatever we plant, the choice is there: either you choose bright yellow Daffodils and a stiff pink Tulip, mixing them with clever colours or lumping them together in the theory that flowers can not clash, or you choose the wide-headed cousin of the onion, Allium alba-pilosum, noticing how its lilac-purple ball of starchy flowers is the bold contrast of shape and colour which sets off a clump of silver leaves, leaf being complemented by flower and not the other way round.

Personally, I think they are not. Yearly, I become more intrigued by leaves and stems, and the closer I look, the deeper the interest goes. Gardening, to me, is a struggle not between saving and wasting labour but between seeing and noticing. You only have to step outside my door to see the Mexican Orange, as it is now too bulky for any visitor

to miss it, but you have to notice it rather than see it, to fix it with an understanding and attentive eye before you realise how its light and stop it ever becoming a dank, except in mid-spring, when like many evergreens, it sheds its winter leaves.

"You must come and see my Roses," I am often told, but this invitation only extends to seeing the flowers. It does not include noticing their extraordinarily varied leaves, noticing the red young shoots of Clematis Spry in August, or the flowing thorns of the tall Pterocarya, hardly a sight for the hurried viewer. If only we noticed as much as we saw, our style of gardening would be longer-lasting and more satisfying.

Box and yew

Take Box and Yew, for instance, that happy English combination. To the viewer they are green, bulky, not flashy enough to catch the travelling eye, but at least they are there all the year round. To the observant, Box has a sweet-smelling flower, a blue-green leaf in certain forms and a mass which is both close-knit and curly, like a green crocheted pattern. Yew is the sombre contrast, the well-dressed gentleman in his unobtrusive suit with a bearing home weave and a habit of turning golden at his growing tips in late spring. No wonder that Box and Yew make as subtle a picture as any flower-border.

Whatever we plant, the choice is there: either you choose bright yellow Daffodils and a stiff pink Tulip, mixing them with clever colours or lumping them together in the theory that flowers can not clash, or you choose the wide-headed cousin of the onion, Allium alba-pilosum, noticing how its lilac-purple ball of starchy flowers is the bold contrast of shape and colour which sets off a clump of silver leaves, leaf being complemented by flower and not the other way round.

Or you are choosing annuals and instead of the short-lived dazle of Marigolds even if the flowers last, their effect does not, you sow the stately Castor Oil plant, Ricinus in the catalogues, and mix it with Virgin Mary's Thistle, Silybum Marianum, of all the ridiculous names. The Castor-oil Plant has long-fingered leaves which radiate out from the stem in a circle, brown in the form called Gihsonil, an even prettier and brighter grass-green to the form called Zanzibariensis. If sown in April in a frame, house or greenhouse and planted out on June 1, these will be 4 feet tall or more by September in a favourable summer.

Beneath it, be generous with the Virgin's thistle, though its prickles are a nuisance, for even in shade it grows two foot tall and gives you its boldly cut leaves, more solid than the fingered Castor Oil above, it lightens the ground level by its natural spotting of white variegation on its leaves like much else, allegedly an overwinter from the excessively milky Virgin Mary. The combination will delight you from June until late October without resort to the decoration of a flower.

Cheap and easy

These two annuals are the cheapest and easiest expression of the style I now want in my garden. So many of their fellow flowers from seed are gay but thin and formless, and a border of their many colours is as shallow an effect as a room full of human social butterflies. As you plan your garden for next year, the most enjoyable pastime for an August holiday, try to look further than the flowers and begin to notice what you now only see. Then perhaps the day will come when gardens are leaf-gardens filled with stem-heads, "rubus" are not always called "flowering" and catalogues sell seeds not for colour but for scent and patterns of light and shade.

STOKE TO SPEND £1M. ON BLOCKS OF FLATS

Stoke-on-Trent housing committee is to spend £500,000 on three nine-storey blocks of flats. The flats, to house 344 people, will be built in about 18 months. Work will begin in the New Year. The scheme has been welcomed by Stoke Chamber of Trade. Bringing families back to Stoke was what they wanted for the good of the town as a whole, it was stated.

TRAINING BOARD CHANGES

Wholesale dealing by a merchant or factor in building equipment is to be brought within the scope of the Distributive Industry Training Board. Up to now this has fallen under the wing of the Construction ITB. The activities of check traders and of persons engaged wholly or mainly as consultants or valuers in connection with antiques and works of fine art is also to be excluded from the DITB.

NEW NORTH SEA CONTAINER SERVICE

North Sea Ferries' container vessel Norbank is scheduled to open a new Hull-Rintend container service on October 28. A sister vessel will join the service in February. Sailings will be offered three times a week in each direction initially and five a week when the second vessel enters service.

ELECTRONICS & AUTOMATION

The Financial Times will publish in its issue of September 13 a survey of Electronics and Automation. The following indicates the proposed editorial content.

WARFARE IN WORLD MARKETS For several years, sharp price cutting has brought cut-throat competition in every sector of the component market. The consequences if this continues.

GIANT STRIDES IN TECHNOLOGY New materials, manufacturing methods and applications appear every day. How users of circuits are coping.

THE PROMISE OF OPTO-ELECTRONICS Large potential applications exist for novel techniques which combine visible and invisible light with electronic circuits.

CORES, FILMS, OR INTEGRATED CIRCUITS? One of the biggest outlets for electronic components is in computer memories where three technologies are fighting for mastery.

HOW TO MEET NEEDS QUICKLY A distribution service, to be worth while, must be much more than a "warehouse", providing advice on the best equipment for any particular job.

DISTRIBUTION IN THE EUROPEAN CONTEXT Membership of the EEC will bring a number of advantages to the distributor, particularly in a large network. But some difficult problems will also be posed.

A BRAIN UNDER THE BONNET A good deal of development work is in hand towards the production of a single controller which will look after virtually all the electronic functions of an internal combustion engine vehicle.

SLAVES WITH BUILT-IN POWER The more forward-looking computer installations, and many of those now planned, need terminals which are capable of carrying out a great deal of work by themselves, independently from the large central machine.

SUPERVISOR IN THE LABORATORY Time-consuming and boring work on banks of gas chromatographs and other instruments demanding continuous attention and many readings can be turned over entirely to the control of a small computer.

CHALLENGER TO NUMERICAL CONTROL Compact, cheap computers may soon be running machine-tools which are required to carry out a complex machining sequence.

COLLECTING IMPORTANT DATA Many industries have a need to collect a mass of information on processes, machines and products, reliably and continuously, using unattended equipment.

AUTOMATING THE DESIGN FUNCTION With the criterion of showing a cost saving or not being used, a big central company design service is rapidly taking shape.

MINI-MACHINES DO THE DRUDGERY The smallest computers are so cheap they can be given tasks formerly reserved to sequential switching equipment.

QUALITY THE KEY Independent peripheral manufacturers have built up a reputation on performance alone.

Mr. G. F. B. Grant on Burton Group Board

Currently, turnover is at record levels and the Board is confident that the results for the full year will once again show a very encouraging increase on the previous year.

The Executive's World

EDITED BY
DAVID PALMER

Paris goes for a Burton

BY JOHN TRAFFORD

IF YOU stroll down the rue de Rivoli past the Louvre, you can scarcely miss a large, handsome menswear shop on the far side of the street well stocked with bronzed papermache models. There is a good reason why it looks so familiar: above the shop window an impressive title reads "Burton of London."

There are another five Burton shops in the Paris region and seven more in other parts of France. Since the company first came to France, sales growth has been fairly rapid but scarcely meteoric. Next Wednesday, however, Burton really will lift itself into the stratosphere by taking control of 35 shops belonging to the far-flung St. Remy chain of retail clothing stores.

The acquisition will push Burton's sales in France from £2.8m. to around £3.5m. and, besides boosting the outlets for menswear, will take the group for the first time into ladies' outerwear. Within a few months, a Brest, huntersmen at Charleville, vintners at Pau and students at Grenoble should all be familiar with Burton of London.

Burton is paying just under £1.7m. for an 85 per cent stake in the St. Remy group, equity. M. Andre Bernheim, the proprietor, is himself holding on to the balance and joining the combined company's board. The shops are scattered around provincial France with clusters in the extreme west and south west but none in Paris. Only in Strasbourg do Burton and St. Remy shops overlap.

For Burton, with its heavy dependence on the British market and with a capital employed of around £20m., the new French venture is a striking departure from the cautious policies of the past. Here, as in almost all the important changes now taking place within the group, one can sense the guiding hand of Mr. Ladislav Rizek, who took over the job of group managing director two years ago.

His enthusiasm for a deeper involvement in France and his skill in the St. Remy negotiations have been a powerful tonic for the French subsidiary's employees.

Derek Croucher, who has headed Burton's operations for five of the seven years it has

been operating in France, is a keen believer in the attractiveness of the market. It is the only European country apart from Britain where there is a substantial demand for made-to-measure clothes. Of the £180m. ("des prix vraiment fairplay")

Tailoring is one of those fields in France where Englishness pays. Burton have stressed three things in its French promotion: from Britain where there is a British cloth, made-to-measure tailoring and keen prices.



A new Burton recruit at Tarbes, South West France

of men's outerwear sold annually in France, about £24m. comes from the multiple tailors. Twelve per cent of the total market may not be much in comparison with the penetration achieved in Britain, where the multiples headed by Burton's account for about half the total, but it is still significant. Furthermore, in contrast to the trend towards ready-to-wear clothes which has caused the British multiples to modify their operations here, made-to-measure tailoring shows no signs of faltering and may even be making inroads into the ready-made market.

says the advertisements). Only about half the cloth used by Burton in France comes from the U.K. and only suits made from it carry a garishly prominent Union Jack on the breast pocket label. But the English image, Croucher believes, is a plus when it comes to thwarting the competition—as long as the all-important styling is done by French designers for the French market.

Again, France is an interesting market because outerwear retailing is inefficient and highly fragmented. Apart from Burton, there are only three chains of

multiple tailors, but none of them begins to compare in size with the British chains. About three-quarters of men's outerwear sales are handled by independent retailers, precisely the reverse of the U.K. situation where the multiples and the chain stores combine to take the proportion of the market.

The state of the French retail network both reduces the competition and allows the bigger groups to step up their sales through acquisition if they wish. Burton has built up its business stepwise since 1964. The fact that it is now taking a giant stride cannot just be explained in terms of the attraction of profitably eluding more Frenchmen. The other main consideration has been that Burton's French operation had developed a serious imbalance, with too much making-up capacity in its factories in Boulogne and Paris compared with its retail outlets.

To serve the French market, Burtons, like its competitors, has to be able to offer a seven day delivery on made-to-measure suits. The chic Frenchman demands it, unlike his leisurely English neighbour who meekly accepts four or five weeks delay. The short delivery time in France means that the making-up factories must be in France, and a new factory would be needed. This started production at Boulogne in September, 1969, just one month after President Pompidou cracked down on consumer spending. It was barely Burton's first year, but the company found itself with a minimum economic capacity at its two factories of 1,800 suits a week when demand had fallen sharply away to no more than 1,500.

Demand has since recovered a little but Burton still has plenty of spare capacity. The St. Remy acquisition should change all that. With the future expansion of the group now assured, Burton is planning to double capacity at the Boulogne factory in 1972 to 2,000 suits a week. The Paris factory can then be closed down.

Reorganising and expanding production is only one aspect of the St. Remy take-over. The biggest problem facing Derek Croucher was to decide what to do with the 35 St. Remy shops, many of which were in a very rundown state. They had still been selling ready-to-wear



Mr. Derek Croucher

womenswear as well as menswear over the years. The problem was how to introduce made-to-measure menswear and what to do about the womenswear.

The chosen path is a typical British compromise. Some of the larger St. Remy shops will be "cut down the middle" so that a Burton store and a St. Remy one adjoin. Burton will handle the menswear, St. Remy the womens and the two stores will be linked so that customers can move from one to the other.

Other St. Remy shops will be given the full treatment and converted completely to Burton menswear stores. And still others, on the whole the smaller shops and those in the less promising areas, will continue to trade as St. Remy but will carry a "Burton Boutique" somewhere inside. For the smallest of all, the made-to-measure service will be provided in a St. Remy shop.

Already, the training of the staff and the refitting of the shops has started. Between

September 15 and October 17, seven new Burroo shops will open for business, six of them former St. Remy stores. Among the six three will be Burton/St. Remy hybrids and three "straight" Burton shops.

While the first new shops will conform to the present Burton of London image, a new image and new interior designs are being prepared by CDG, formerly the Conran Design Group, a Burton subsidiary since April.

Before the formal take-over, the menswear buying and the sales organisation of the Burton and St. Remy groups has been merged. Integration of financial control is also well advanced. The main problem, as so often is the case, is that apart from M. Andre Bernheim, the St. Remy organisation had little senior management talent.

Two out of four American-educated MBAs recently recruited by Burton have been assigned to the Paris office and are hard at work.

Sales are now forecast to surge ahead. The main problem, as so often is the case, is that apart from M. Andre Bernheim, the St. Remy organisation had little senior management talent. Two out of four American-educated MBAs recently recruited by Burton have been assigned to the Paris office and are hard at work.

Because the French menswear market is so different from that in West Germany or Italy, the Burton group may not find it possible to treat Burton France as a stepping stone to bigger things in the EEC generally. But the latest acquisition does have a general significance which applies to many other British companies. It shows how a small, specialist business can be turned into a large, generalist one. The group's owners, of continental family business, are turning towards the Continent. First, good investment opportunities can be found in areas where British business practice is well ahead of its continental counterparts. Second, owners of continental family businesses and continental governments will agree to foreign take-overs if all parties including suppliers, employees and customers, stand to gain.

ACCOUNTANCY EXPOSURE DRAFT No. 5

Tough rules on extraordinary items

BY SANDY McLAHLAN

COMPANIES which even out their profits in their profit and loss account by frequent recourse to crediting and debiting items against reserves will get a shock from the latest exposure draft issued by the Institute of Chartered Accountants in England and Wales.

Although the draft is much as expected it will nonetheless have a powerful effect on the presentation of profit figures if it goes to force in its current form. Basically it seeks to abolish reserve accounting: the practice of putting "exceptional" items straight into the balance sheet. The Institute has taken very careful note of what may be termed "exceptional" and with very rare exceptions it aims these still to go into the profit and loss account after tax and minority interests under an exceptional items heading.

The Institute rejects the traditional view held by probably more than half the total public quoted companies that "extraordinary" items, which are not expected to recur frequently, should be excluded from the profit and loss account. This view is based on the argument that inclusion of such factors might give a misleading impression of the state of the company in a longer term standpoint. The Institute has decided, instead, that this philosophy is wrong and grants a licence to see certain debits and credits as exchange gains and losses other than those resulting from currency fluctuations while equivalent debits may sometimes be taken against profit and loss transactions. Now the rules of the game are not unequivocally set out.

Basically closely defined prior year adjustments should be kept out of the profit and loss account. Equally closely defined exceptional items should be brought in at the net profit level and everything else passes as normal business.

The real sting is in the definition of terms. Prior year adjustments include only transactions where the accounting effects could not be ascertained or estimated with reasonable assurance at the time of the preparation of the accounts for the relevant period, usually because of some major uncertainty then existing. Companies will not be in any better position to include such items, since the Institute says that these factors would be disclosed in the accounts of the year to which they relate, and would probably involve a qualification to the auditors' report in view of the uncertainty.

Extraordinary items are defined as "those material items which derive from events or transactions outside the ordinary activities of the business and which are not expected to recur frequently." The main point of this definition is not what it includes, but what it excludes. It excludes most tax adjustments from previous years. It also specifically excludes abnormal charges for bad debts, write-offs of stock, and losses on long-term contracts. Particularly important in the new amendments is the exclusion of abnormal foreign exchange gains and losses other than those resulting from currency fluctuations while equivalent debits may sometimes be taken against profit and loss transactions. Now the rules of the game are not unequivocally set out.

closure of factories, or other significant parts of the business, sale of investments which were not acquired with the intention of resale, and the writing off of intangibles because of unusual developments during the trading period.

Even these narrow categories are expected to be shown in the profit and loss account as exceptional items. Everything else is to go into the normal trading period.

If these proposals are eventually embodied in a Statement of Standard Accounting Practice, the effect on many companies will be to show much greater fluctuation in the published profit figure even before exceptional items. Looking from the other side of the fence, the effect will be to show much more clearly the true profit figure for any given company in any given trading period.

Many companies of course already broadly comply with the new proposals. But companies dealing with raw materials subject to wide swings in price, and whose current practice is to maintain a reserve to balance these out, occupy just one category where the profit and loss account will look materially different under the new rules.

There will be many other categories as well. In general all companies which have been overenthusiastic in their recourse to reserves—either in or out—will have to rethink their approach. And the Institute itself found that of 1,300 extraordinary or prior year items identified in 300 company reports for the year to end-June 1970, no less than 850, approximately two-thirds, were dealt with in the balance sheet rather than the profit and loss account.

Some companies have permanent or life directors. This means they need not retire by rotation but they can still usually be removed by the general meeting. A private company is not required to have a managing director. In many companies the managing director combines the position of director and of employee. The scope of his duties appear from the articles and his contract with the company.

Establishing a loss

I have an idea that by the method of minimal sale and repurchase one can turn a potential loss into an established one and set such a loss off against a realised gain. Is this the case? The only way that you can establish a loss from gains tax is by the method of minimal sale and repurchase. Provided they are acquired in a following Stock Exchange settlement this will represent a new transaction.

Conveyancing and agents fees

If land is sold by agreement to a County Council would the acquiring Council be responsible for conveyancing and agents' costs?

The short answer to your question is yes. The council will usually pay for proper legal fees and surveyors' scale fees.

Non-allowable loss

I have an equity linked insurance policy, whose value is showing a considerable loss if surrendered now. If I surrender it, can I set the loss off for capital gains tax purposes against a profit made on the sale of some land? We regret that a loss involved in any equity linked insurance policy, taken out on your own life, will not give you a capital

Compulsory purchase

In a reply regarding compulsory purchase on August 4 you stated that the Inland Revenue seek capital gains tax when the company is liquidated but assess the compensation when received.

We have a petrol station which the local council propose compulsorily to purchase. Providing the compensation is spent on acquiring other premises and assets do we understand that no corporation tax or capital gains tax will be required except if and when the company is liquidated.

The gain which would be taxed on the receipt of the compulsory purchase can be deferred by the purchase of other assets in order to carry on the business. However you should consult your accountant regarding this matter before you make the purchases.

Redundancy money

The company for which I work is moving to a place about 70 miles away in a year's time. Meanwhile, they are asking for an undertaking from employees that they will move with them, and that if this is given and they will not pay redundancy money. Are they entitled to do this?

We think that the company is entitled to offer a job at another place before the move takes place, with a view to that employment being accepted by the workpeople in advance. If accepted and the rejected, we think that redundancy pay would not be payable.

Companies' covenants

Our accountant has told me that as directors of a company which some years ago made a covenant for charitable purposes we may be surcharged with the amount covenanted. Is this so? Your accountant is correct. Charitable covenants paid by companies have to be included in arriving at the company's profit to be apportioned among its shareholders as surtaxable income.

Obtaining a fair rent

I should like either to get rid of sitting tenants paying an economic rent, or, possibly, to improve them legally to increase the rent. What do you suggest? We think the only practicable solution is to convert the tenancy from a "controlled" one (which we assume it is: if it were already "regulated" you could always increase the rent via the Rent Officer procedure to a "fair rent") by carrying out the necessary works to enable you to obtain a qualification certificate. In order to carry out such works, if the tenant will not prove co-operative you can apply to the County Court for an order

Stamp duty on a lease

In your issue of June 9, under the heading Stamp duty on lease, you stated that the stamp is affected by a combination of two factors, length of term and the rent question.

In this respect I have been told that an ingenious solution is to stipulate in a furnished letting contract "one year less one day." Is such a solution legal and practicable and if so what the saving in stamp duty would be as opposed to a lease stating one year?

There is a special provision in the Stamp Act relating to furnished lettings for less than a year whereunder the stamp duty is limited to 50p. Deliberately to bring oneself within this provision is hardly taxation avoidance on a large scale. If the term was for a year the duty would be nil up to a rent of £100 per annum and thereafter 25p per each complete £50 or part of £50.

Shares pending probate

A director of a private company has recently died. Can you tell me when, if anybody, holds the voting rights attached in his shares pending the granting of probate and subsequent disposal of the shares?

While the shares stand in the deceased's name no person is entitled to vote as a shareholder in respect of any such shares. The shares are transferable in manner provided by the articles of the company. The articles cannot by-pass the personal representatives.

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Ideas for sale

BY A U.S. CORRESPONDENT

ANY COMPANY with a yen to diversify but without ideas can find a ready-made list of research projects which might lead to new products.

The catalogue of potential money-winners was prepared by the Stanford Research Institute, which is ready to go ahead with design once the money is in sight. Projects range from a garden sprayer to a real-time laser interferometry system.

Stanford, which recently cut ties in Stanford University so it would have more research freedom, calls its programme STEP—Scientific Technological Exploitation Programme. It works this way:

The potential sponsor goes through the list of projects and picks one he likes. Stanford and he agree on the cost of the first year's research and the Institute goes to work. The programme can be renewed at any cost level agreed on.

The Institute takes the project and assures feasibility. The sponsor then can take up manufacturing and marketing himself, or take an equity position in a new company to make the product, or sell the accumulated data and technology.

"The STEP Program," the Institute explains, "has been established to find venture capital to support the investigation of innovative scientific and technical ideas that are presently in the conceptual stage. For Institute scientists and engineers, the program offers the opportunity to demonstrate the simplest project of all."

the validity of new ideas and to create new and useful products. For the investor or investment company, STEP offers the opportunity to invest at the earliest possible stage in advanced research in the engineering, physical and life sciences.

The Institute prefers to ensure diversity of risk by collecting several projects into a single package. "Thus the investment is spread over several promising research possibilities rather than being concentrated in one," it explains. "Packages include concepts and ideas having both short-range and long-range potential payoff."

One corporate investor, American Express Investment Management, has already underwritten a programme. However, the Institute did not say what projects are in it.

Most of the projects awaiting sponsorship are pretty high-level technology. The laser interferometer, for example, uses the interference of laser waves to measure movements under stress as little as one quarter of a wavelength of light. Another example is a sonic imager, in show condition by sound waves instead of light images. This is aimed at the medical field since the human body can withstand sound waves better than X-rays.

On the other hand, the garden sprayer just sucks insects into the tin and into a water spray, so the user doesn't have to touch the insect poison. It's the simplest project of all.

HUMPHRIES HOLDINGS LIMITED

The Annual General Meeting of Humphries Holdings Limited was held on August 24 in London. Mr. Paul Adriaan, F.C.C.I., F.I.E.E., F.I.E.R.E., the Chairman, presiding.

The following is an extract from his circulated statement:— Last year, I drew attention to the very serious depression in the entertainment film industry and the adverse effects the depression was having on most of our operations. That depression is reflected in the very disappointing results of the Group, which show a loss for the year under review of £28,532, against a profit before tax for the previous year of £382,688.

In view of the loss your Directors are unable to recommend the payment of a Dividend.

The substantial turnaround in the Group's results from a profit to a loss position is a measure of the continuing depressed state of the film industry internationally, which together with an inflationary spiral of costs has created a vicious circle of lower turnover, loss of profit margins and the consequent under-recovery of overheads. Every effort was made to meet this emergency in the industry, but hopes of an earlier recovery of activity were not realised. Humphries Film Laboratories Ltd. and our rental company, Mole-Richardson (England) Ltd. and its subsidiaries were particularly hard hit.

FILM LABORATORIES

Humphries Film Laboratories Ltd. and Filmatic Laboratories Ltd. The general production levels of Humphries Film Laboratories Ltd. were lower than the previous year. In particular, the 35mm department suffered from a much reduced demand for release printing for distribution. This department did, however, manage to maintain its share of the reduced market, and processed a number of major films, including "Foolish on the Road" and much of the release printing in many overseas countries for the highly successful film "Love Story."

In May 1970 the new 16/8mm colour and black and white plant became fully operational and I expect this part of our laboratory to make an increased contribution. Glasgow also became colour operational during the year, servicing exclusively the colour and black and white film output of Granada Television, Yorkshire Television and Scottish Television.

Filmatic Laboratories Ltd., which processes 16mm film for industry and commercial purposes, completed its re-equipment programme during 1970, enabling an improved quality and speedier service to be offered. The Company maintained its progress by achieving an increased profit.

LIGHTING RENTALS

Mole-Richardson (England) Ltd. and Overseas Subsidiaries There was a severe cutback in film productions throughout Europe, causing increased competition for lighting and associated services and therefore creating considerable pressures on prices and margins. Mole-Richardson showed an overall loss for the year. However, our German and French companies must be commended for their efforts in ending the year in profit. Molec was not operational during 1970. With very few television series in production, and the serious manpower problems to which I have previously referred, operations would have been at an uneconomic level. It was considered essential to put our plans into abeyance until the industry became more active.

SOUND RECORDING

De Lanc Le Ltd. and Subsidiaries The De Lanc Le Ltd. studios continue to obtain a good share of recording work. During the year they also serviced a number of feature films, including "THE WORLD AT THEIR FEET" and "JOE EGG".

The foreign language division also completed a number of contracts, one of which was for the German version of the 13-part Redifusion Television production, "THE LIFE AND TIMES OF LORD MONTMAYNE".

The Kingsway Studios further consolidated their music recording reputation with a successful year. The Sound Centre at Dean Street became operational towards the end of 1970 and the centre is expected to show an increasing contribution to this side of our business.

The building of the Music Centre at Wembley is now well advanced and operations will be commenced during 1971. This Centre, which is the most up-to-date recording complex in the world, will offer superb facilities for the recording of music and other sound.

MANUFACTURING

Phintmex (London) Ltd., Opsec Ltd., Mole-Richardson (England) Ltd. (Stage & Studio Engineering Division) Photomex's order book for film processing equipment was maintained at a reasonable level for most of the year. The company again made a profit, but somewhat less than the previous year.

Opsec Ltd. commenced production of printed circuit boards in its new factory at St. Albans in mid-May 1970, but this operation did not show the results which had been expected. Technical difficulties and the fall away in demand for electronic equipment resulted in this company making a substantial loss, which was exaggerated by its precision, photo-mechanical and gratiule processing departments.

The Stage and Studio Engineering Division commenced operations during the year with a promising start. Some valuable contracts were obtained, but this division suffered severely due to costly delays and postponements brought about by the general economic difficulties. However, this division has been awarded contracts for much of the stage engineering for the National Theatre, and many others, which bodes well for our future development in the stage and studio engineering field.

FUTURE PROSPECTS

I regret that I have been unable to give a more encouraging report for the year past, and in view of the very depressed state of the industry, I am not able to promise an immediate return to the good profit levels we have enjoyed for many years. Nevertheless, I am convinced that your Group will show improved results in the current year, and when our recent capital investment becomes more fully productive and the various means, including certain senior management changes, which we have introduced for greater efficiency, come into effect, your Group will once again make good progress with healthy profits.

ENCOURAGING PROSPECTS: INCREASED DIVIDEND FORECAST

Points from Mr. K. P. Legg's 1970 statement to shareholders

* Profits (Profit before tax for the year ended 31 December 1970, excluding Caylon was £391,410 (1969: £259,153). Caylon produced a loss of £101,127.

* Tea Estates Kenya—a record profit of £146,000 was earned. (Malawi—a controlling interest in Bandanga (Holdings) Ltd. and substantial minority stakes in other Malawi tea companies, which the group manages, were acquired.

* Caylon—a small profit is expected for 1971, following reorganisation, but the value of the company's Caylon estates were written down to £1 in view of uncertainty of the future.

* Acquisitions & Investments High Income Trust Ltd. and Tame Valley Developments Ltd. acquired in 1970 provided the company with substantial liquid resources for investment. Our interests

now include a substantial minority stake in McLeod Russell & Co. Ltd., an industrial tea producer, 15% of Plantation Holdings Ltd., an producing rubber and palm oil in Malaysia, and 25% of Duncan Fox & Co. Ltd. (since the subject of a successful offer from Ralli International Ltd.) In 1971 this successful offer for British New Guinea Development Co. Ltd. has brought 13,000 acres of coconut and rubber into ownership and the acquisition of a 20% holding in First Fishery Trust Ltd. is already proving to be a successful investment.

* Future Prospects Profits for the first half of 1971 have been well up to expectations and prospects for the whole year are most encouraging. A dividend of 17½% has been forecast for 1971 against 15½% for 1970. Copies of the Annual Report and Accounts are available from the Company Secretary.

EASTERN PRODUCE (Holdings) LTD.

13 Rood Lane, London, EC3

THE FINANCIAL TIMES

(Established 1888)
Incorporating THE FINANCIAL NEWS
(Established 1882)

Head Office Editorial & Advertisement Offices:
BRACKEN HOUSE, CANNON STREET, LONDON, EC4A 3DF.
Telephone Day & Night: 01-248 8000. Telegrams: Finantime, London.

Telex: 886341/2, 883897
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WEDNESDAY AUGUST 25 1971

The role of gold

The reaction of the countries involved in the revaluation package said to be worked out by the IMF is predictable. The Europeans (including the British) and the Japanese all say that the revaluations are too large. The Americans say they are too small. This demonstrates that it is much too early to speak of fixing new parties and that a longer period is required for rates to find their own level in the market. The most important task is to put a time limit on the U.S. surcharge and other protectionist measures, and to prevent retaliation by others.

On the other hand, in suggesting a small increase in the official dollar price of gold, the Fund Managing Director, M. Pierre-Paul Schweitzer, may have a stronger point. For this is something on which all the European countries and Japan could agree, if with varying degrees of enthusiasm; and the proposal even has some covert support in the highest reaches of the Federal Reserve. From the point of view of world trade and economic activity, the exchange rates of currencies against the dollar are much more important than the price of gold. But if a gesture of this kind would encourage the Japanese to accept a substantial revaluation, and for the stronger EEC currencies to allow a major upward float, the gesture would be worth making. For the resulting realignment would make it easier for the U.S. to phase out the surcharge. Moreover, an increase in the gold price would for the moment be an entirely nominal gesture. Presumably there would be no question of the U.S. restoring its commitment to sell gold until there were a sufficient return flow of funds after a successful currency realignment.

Open questions
The main objection to a small increase in the gold price is that it will reduce the chances of demonetising the metal and establishing in its place a man-made paper standard. But one has to ask whether complete demonetisation is in any case a realistic prospect. With official gold reserves worth (at the old official price) over \$40,000m., it is difficult if many countries would be prepared to see them

demonetised. The U.S. Administration has itself shown by "shutting the gold window" that it attaches value to its gold holdings. Indeed it is an open question how long countries will continue to value their gold reserves at the entirely nominal price of \$35 when they are priced at over \$43 in the free market. Another open question is how long the major countries will continue to abstain from buying or selling gold in the private market; for the whole status of the Washington Gold Agreement of 1968, under which they agreed to refrain from doing so, is now in question.

Even if there had been no dollar crisis the private gold market was facing a period of rising industrial demand superimposed on that of the traditional hoarding areas such as the Far and Middle East. This rising demand faces a fairly inelastic supply; and there have been many unofficial estimates suggesting a major but gradual increase of the private market price within the next decade or so. With a rise of this kind in prospect it would only be a matter of time before monetary authorities began to write up the value of their official holdings. Surely the wisest course for those who support Special Drawing Rights is to work for conditions in which they will gradually become an increasing proportion of world reserves, rather than to engage in the Utopian quest of suppressing gold altogether.

Common sense
A small increase in the official gold price would also be a warning to the market that any official appreciation in the value of the metal would at best be gradual and would not repay hoarders the losses from inflation and interest foregone. Indeed the gold price increase now being discussed would simply be the counterpart of the depreciation in the general exchange value of the dollar. Having successfully seized the political initiative at home, the Nixon Administration could now make such a gesture to common sense without undue cost in prestige; and this is the best friendly advice that the British Government could give in the contacts now taking place.

The change
It could be argued, with no disrespect to the Chinese, that they are now going through a phase of international relations which is comparable in some respects to that which the Russians went through in the late 1950s. That time in Moscow, as elsewhere, saw a beginning to the end of the cold war, and doors to the outside world which the Kremlin had resolutely kept closed were slowly opened. In Peking, the authorities now in power have been able to put behind them the fundamental upsets caused by the Cultural Revolution, to bring to an end the long period of self-imposed isolation, and to converse with non-Chinese interests in a tone that many observers have found to be surprisingly agreeable.

But this having been said, China still keeps a great deal to itself, only showing the West and trading with the West within the limits that its leaders see to be fit. Much about the country and its economic development remains, and will remain for a long time, unknown. Thus, the Hawker

THE £50m. which the Government is currently talking of making available to encourage mineral exploration in Britain is unlikely to turn up many Eldorados or Klondikes. In principle, there is no good reason why big deposits should not occur—deposits, say, of "porphyry" copper, those large volumes of shattered rocks which are shot through with a mere 2 per cent. or less of copper but which are amenable to cheap open-cast working and which now supply half the world's copper.

But nothing of this kind has turned up in Britain although it is one of the most intensively explored areas of the world. Indeed, all of the mines working in the parts of Europe formerly occupied by the Romans were known to the Romans, except those producing alumina and chromium for which the Romans had no use.

However, with its immensely varied geology, Britain is a natural museum of rocks and of the phenomena that affect them. It has strata representing nearly every part of the geological history of the past 600m. years.

Many areas have produced workable ores of a surprising variety, though in general they have been confined to the most expensive kind of ore body—narrow metalliferous veins called for laborious underground mining. Although there are such deposits as the widespread, low-grade iron ores which occur as thick sedimentary beds in Northamptonshire, and of course coal and salt beds, the various mineralisations have failed to create the types of larger ore bodies of more valuable minerals from which most of the world's supplies are drawn.

New kinds of ores
Nevertheless, modern methods of prospecting by means of geochemistry and geophysics can reveal entirely new kinds of ores as well as ores in new places. One example is the bedded copper ores which have been worked over the past few years in southern Ireland at Gardraun. Rising prices for scarce metals and the attractions of investing in a politically stable country have combined to make re-evaluation of Britain's mineral potential attractive. What, then, does the geology of Britain's non-ferrous minerals look like?

In 1962, a careful dating study using lead isotopes carried out at Oxford University revealed that all Britain's lead and associated minerals were formed during one of six periods—at 440, 360, 320, 280, 220 and 140 million years ago. Of these the last was the least, affecting only parts of Inverness and Moray. That at 220m. years, though its repercussions were felt over an area stretching from the Mendips Hills to Argyllshire, was re-

stricted in intensity (as was that at 360m. years).

Since the two younger mineralisations are of less consequence than the earlier ones, we can divide the map of the British Isles into the two regions shown: one to the East and South where the older—potentially mineralised—rocks lie beneath a thick cover of younger sedimentary beds and are therefore inaccessible, and a larger region to the North and West in which ores have been mined at various localities.

The processes which lead to mineralisation in the first place depend upon a widespread supply of heat. Many mineral veins are directly associated with volcanic activity. But volcanoes represent only the surface manifestations of what the geologist terms "igneous activity." The large crystalline bodies, often tens of miles in diameter, which we now see at the surface as granite masses, would each have solidified from a great mass of molten material deep in the earth's crust.

Five granite masses
As these bodies cool, the molten rock gives up water and gases dissolved in it. At high temperature these emanations act as powerful chemical reagents, supplying one of the principal means by which traces of scarce elements are drawn out of the surrounding rocks and concentrated in fissures to form ore bodies.

This kind of process produced Britain's richest collection of ores, that which is intimately connected with the five big granite masses—Dartmoor, Bodmin Moor, St. Austell, Carnmeall and Land's End—in Devon and Cornwall. Not that the presence of granites is a necessary prerequisite: hot solutions are the essential factor and igneous activity is only one aspect of a much more important heat-generating process, that of mountain building.

Therefore, the two most important phases of Britain's mineralisation, those at 440m. and 280m. years ago, are the direct-product of two vigorous episodes of mountain building which crumpled up parts of Britain during the past 600m. years.

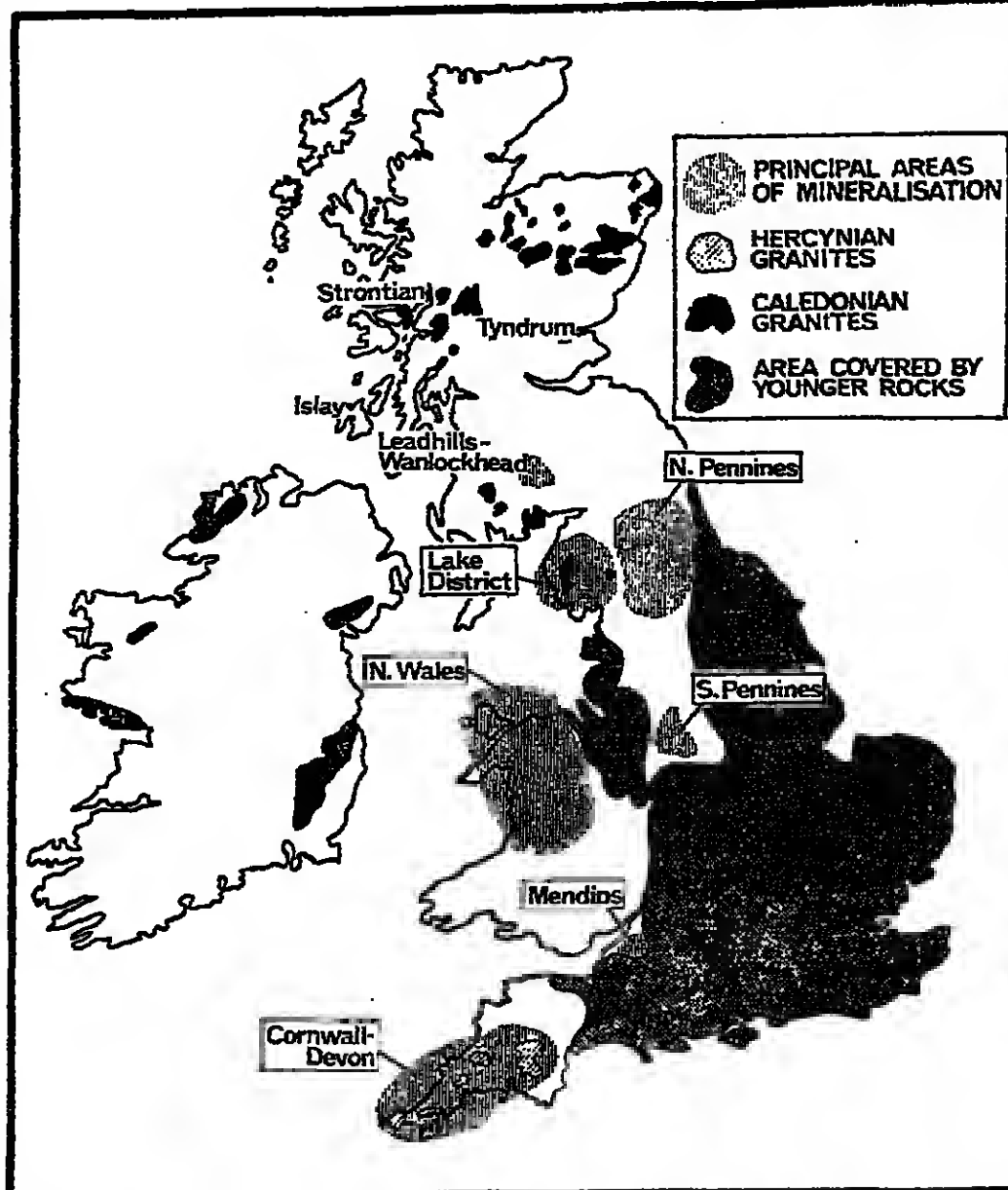
The earlier, or Caledonian, upheaval was the southerly extension into Britain of a zone of crustal compression, lying south-west by north-east, which ran through Scandinavia and whose far end can be traced into the east side of North America. This belt, and the granites associated with it, caused mineralisation in northern Scotland, Ireland, North Wales and parts of the Lake District.

The less important mineralisation of 320m. years ago affected a somewhat similar area of Britain and seems to have been a precursor to the second great

Rising prices for scarce metals and modern methods of prospecting have encouraged a reassessment of Britain's mineral potential

Britain's minerals — a fresh look

BY PETER STUBBS



to be won from mines at Alderley Edge, Cheshire. The copper-zinc-lead association characterises the old mines of North Wales; but near Llanoellen, where younger ores occurred in limestone comparable to those of Derbyshire, zinc and lead sulphides contained a small amount of silver and, like Derbyshire, occurred with barites and fluor spar.

In the Lake District the lead-zinc-copper-barites mineralisation occurred in three fields, linked with the intrusion of the Skiddaw and Shap granites, and at Buttermer, and included some workable tungsten.

The familiar group of lead and zinc with some copper and barites is again found at a number of localities in Scotland. Most famous in bygone days were the mines of Leadhills and Wanlockhead on the border of Lanarkshire and Dumfriesshire. The minerals contained silver and a little gold (which also occurred in Sutherland). Other lead-mining areas were Strontian (where the element strontium was first described), Tyndrum, Newton Stewart and the Isle of Islay, which might one day turn out to be important—as late as 1959 one geologist suggested the presence of large hidden sulphide ore bodies replacing the limestones at depth.

Uranium in Scotland

Very little lead, zinc or copper has been worked in Scotland this century. Copper and nickel used to occur at Loch Fyne, and nickel was mined near Newton Stewart. Clarkmannashire was formerly famous for the Alva silver mine. A rather poor chromium ore was worked earlier this century in Shetland and another in Perthshire, but drilling explorations of the former in 1951 and 1952 failed to prove economic amounts.

It is of interest, too, that although not concentrated enough to be of economic interest, investigation in the 1950s and 1960s established the presence of a variety of uranium minerals in Caithness, at Tyndrum, near Loch Fyne, on the Kirkcudbrightshire coast, and in South Harris. Barites is currently mined in Scotland at Casswater, Ayrshire, and Muirshells, Renfrewshire, among other places. These two together net some 30,000 tons per annum.

This, then, is the approximate picture of mineralisation in Britain. Future discoveries are likely to follow the same pattern, as do present exploration projects. The latter include new searches for tin in Cornwall, copper, lead and zinc in North Wales, copper in Scotland, and tungsten in Devon and Cornwall.

Dr. Stubbs is a deputy editor of New Scientist.

Tin mined for 3,800 years

Tin has been mined in Cornwall since 1800 B.C. Mining there reached its peak in the 18th and 19th centuries when the list of prizes won from the mines read: tin, copper, lead, zinc, silver, arsenic, antimony, iron and manganese. In smaller amounts were mined tungsten, cobalt, nickel, uranium, barium, fluor spar, bismuth, molybdenum and gold—an attractive sounding collection.

In 1912 some 70 mines, 45 of them tin mines, were productive. To-day only two are working, though a third is to come

into operation later this year. At present the total yield is about 2,000 tons a year. It is very small compared with the huge placer deposits of tin in Malaya and Indonesia, Bolivia and Peru, that supply the bulk of the world's tin. We shall not find anything comparable in the U.K.; but we might nevertheless detect new veins and tin-bearing gravels that will offset part of Britain's £600m. import bill for non-ferrous minerals.

Other areas of Britain, while not matching Cornwall for riches, have in the past yielded profitable quantities chiefly of lead, zinc and copper, with deposits of less valuable barium and fluor spar. Fluor spar is still worked to the tune of 190,000 tons per annum in Derbyshire and Durham. Barites (barium sulphate), mined in Yorkshire and Derbyshire, currently reaches about 17,000 tons annually. Formerly, however, Derbyshire and the northern Pennine regions were noted for the production of lead, with zinc rather less important.

Mines in Cardiganshire produced lead, zinc and copper and may, in fact, still possess considerable reserves at depth. The Mendip mines of former times yielded only poor quality lead and zinc ores. Some copper used

MEN AND MATTERS

The half per cent of Truman that got away

With the two rival bidders claiming that 93 per cent. of the Truman Hanbury Buxton equity is now committed (nearly 49 to Grand Met. and 45 to Watney) and the old rule of thumb that 5 per cent. of the shares never surface in a bid battle, then a block of half of 1 per cent. of the Truman shares is of no small interest. That block exists. But it could never go to either side. The shares in question are in a trust fund for the two sons of Mr. Mark Buxton, a Truman director who supports Watney. But he can do nothing to commit them to the Watney side. For though one trustee is his sister-in-law, the other trustee is Mr. Roderick Pryor, also a Truman director, but a supporter of Grand Metropolitan. To assign the shares one way or another needs the signatures of both trustees.

Pryor's view, in this ticklish situation is that having taken one line with his own shares, he cannot as a trustee give a different judgment on the children's shares. Buxton, in the galling position of not being able to use "his" shares to influence a battle in which he is deeply committed, says Pryor is "certainly legally 100 per cent. within his rights," and "in the circumstances acting entirely reasonably."

The two men both come from old rugg families of Truman. The trust was set up in 1964. When the pair first realised that they were on opposing sides, Pryor says they agreed that at least the children's interests could not come to much harm "by sticking out to the end." But that was before either could know that the result of the

battle would be so finely balanced. Buxton's only compensation looks like being that the trust, after eight weeks and eight bids, has doubled in value.

Shopping around the banks

An interesting example of the way the unsettled state of the international money market affects the ordinary person comes from New York. The Financial Times office there has had a number of telephone calls from irate Britons complaining about the rate being offered by Barclays DCO, compared with other banks in New York, to people wanting to transfer their dollars back to Britain for personal reasons—for example, because they are moving back to the U.K.

A quick check by Our Man there round the New York banks yesterday morning showed that Barclays DCO was quoting \$2.48 to the £1 for personal medium-sized money transfers. Prices elsewhere were fluctuating, but all the American banks were quoting under \$2.45. European-American Bank, to which Midland Bank is one shareholder, was offering \$2.446. On Monday, apparently, the difference between Barclays and the rest was even greater, and one soon-to-be-repatriated Briton complained that it was only after repeated entreaties on both Monday and Tuesday that he had been able to secure a quote under \$2.50.

One of many other examples is that over the weekend at London Airport, another Financial Times man found that National Westminster was quoting 800 Japanese yen to the £1, whereas Barclays this time came out best, quoting 875 yen. Clearly one has to shop around even more carefully these days.

IBM's puffer

Can cigarette smoke damage machines as well as humans? IBM in America is trying to find out, with a special smoking machine which smokes a packet of cigarettes at a time and exhales the smoke all over a computer.

The problem is that the big calculating computers are usually housed in air-conditioned rooms, but process computers are often on factory floors and in warehouses, exposed to polluted air.

IBM's smoking machine consists of a battery of perforated plates. Cigarettes are put in the plates and lighted, and a pump draws smoke in through the cigarettes and then expels it towards the computer. Did I hear it cough?

Baths on Charter

After 212 years in business, Carron, the Scottish ironfounders and engineers whose shares are being introduced to the market, has been changing quickly of late. Until 1962 the company (which made guns and shot for Wellington and Nelson, the cylinders for James Watt's steam engine, and the prototypes for Lt-Col Shrapnel) was still operating under a Royal Charter of 1773. This had limitations. The Court of Directors could only meet on certain days, only at appointed hours. This Court could be made up only of men holding ten of the original shares, at par value of £250 each. These shares seldom moved outside four families, which hardly made Carron a career open to talent. Borrowing powers were limited to £25,000, although Carron was

(and is) one of those rare companies with a current account at the Bank of England.

Then in 1962 a new force came on the scene, in the shape of Mr. Henry Carlyle Wilson Bennetts. He had till nine months before been managing director of a rival company, Allied Ironfounders. "There was a palace revolution there. Suddenly all the directors put their hands up and I was out. So I went to Claridges and had a bottle of champagne and felt much better," explains Wilson Bennetts. But after a time on his yacht he felt bored, and Carron offered him the job of chief executive.

Before he would take it, Wilson Bennetts wanted to be able to take an equity stake. It was this which forced the application to the Privy Council for a Subsidiary Charter, which did away with several of the anachronisms and allowed Wilson Bennetts to take his present 15 per cent. stake.

As the only manufacturing company to hold a Royal Charter (most of the others are banks or insurance companies) Carron makes good use of it in publicity. But the munitions side of the business, which originally earned it, died out (apart from the two world wars) about 1820. These days it is mostly baths, basins and sinks.

Fare well

I wonder what response the Portuguese airline will get to its advert in the Sunday Times Magazine last Sunday which said: "TAP Portuguese Airways flies daily from London and other major European cities to Madeira via Lisbon. All flights by TAP's splendid jet services."

Observer

Recent experience indicates that maintaining a properly balanced and regulated cash flow within the company is probably the greatest single financial problem confronting British industry today.

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Why Japan is sticking to its guns

BY CHARLES SMITH, Far East Correspondent

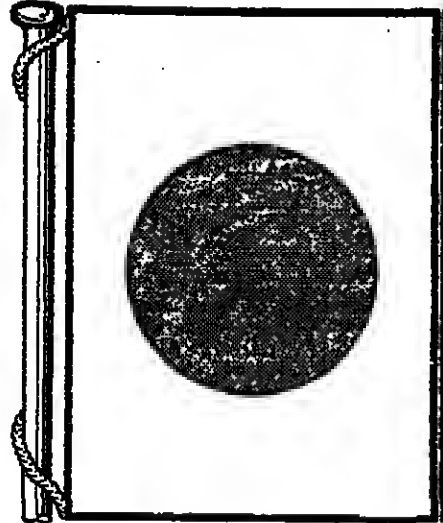
JAPAN HAS emerged, in the eyes of the world, as the villain of the international monetary drama which began last week when President Nixon severed the dollar's link with gold. Japan's refusal to take a decision on yen revaluation despite its huge and rapidly growing foreign exchange reserves sounds like outright selfishness, while the talk in Tokyo of actually retaliating against President Nixon's 10 per cent. surcharge on U.S. imports seems to imply a short-sighted desperation.

Under fire

In reality the Japanese are being neither short-sighted nor desperate: they are behaving as they have always behaved when their currency or any other feature of their economic system has come under fire from outside. The difference between Japan's hard line over the yen this August and the line it has followed on previous occasions is that, for once, the country risks landing itself in very serious trouble.

About the depth of Japan's conviction on the revaluation issue there can be no doubt. Japan has been obsessed since the very beginning of its "economic miracle" with the need to maximise exports so as to pay for the vast quantities of imported raw materials needed to fuel its industrial development. It is its industrial development, and the exchange rate as being crucial to the export drive, and as the foundation for the elaborate projections which are a feature of Japanese economic planning. Last but not least, the yen, at the present parity of 360 to the dollar, is a symbol of Japan's jealously guarded autonomy.

It is true that the extent of this autonomy is limited. The conservative leaders in Tokyo long ago made themselves the political disciples of Washington and Japan has been content to remain wholly dependent for



Premier Eisaku Sato of Japan, and the scene on the Tokyo Stock Exchange during hectic dealings earlier this week.

its security on American military power. But the economy has remained an exclusively Japanese preserve, guarded by an array of controls which probably has no equal in any other highly developed nation. For Japan to bow to international pressure by revaluing the yen, or worse still in the eyes of the Japanese leadership—by allowing it to float, would be to surrender the independence which is regarded as a key to the country's success.

If these are the underlying motives for Japan's resistance, the leadership in Tokyo can find plenty of arguments against revaluing at the present time. During the past year or so Japan's economy has been passing through what is locally regarded as a recession (in other words, it has been growing at about 5 per cent. a year instead of the usual 10-12 per cent.) and there is no possible doubt that its return to "normality" would be slowed down by any increase in the value of the yen.

The Japanese can press this point further by claiming that, in the short term at least, the recovery of their economy would

be in international interests as well as their own. It would mean more domestic demand for Japanese products and less pressure to export. This in turn would slow down the appalling rapid growth of Japan's foreign exchange reserves. The reserves reached \$11,000m. last week and could well exceed West Germany's before the end of 1971, to become the world's biggest.

Big losses

Another favourite Japanese argument against revaluing now is that an upward revision of the exchange rate would mean losses of hundreds of millions of dollars for industries such as shipbuilding which have traditionally priced their exports in dollars. (The shipbuilders have hinted that they might actually sue the Government for compensation against the effects of revaluation.) Finally there is a problem of the island of Okinawa, which is due to be handed back to Japan next year by the U.S.

One change involved in the transfer of sovereignty will be the island's conversion from a dollar to a yen economy. The Japanese argue that this move

could have disastrous political consequences if the Okinawans find their dollars have depreciated against the yen only months before they are due to be exchanged.

Whatever the validity of such arguments in the eyes of the outside world, the Japanese certainly have the power to make them stick. The country's system of foreign exchange controls, reportedly one of the most elaborate and strictly administered in the world, provides an almost totally fool-proof barrier against foreign speculation.

The effectiveness of the system was convincingly demonstrated last week when the Bank of Japan detected a single tiny loophole which had been exploited by some of Japan's own domestic banks and was able to force the banks concerned to repurchase the dollars which they had illegitimately sold on the Tokyo foreign exchange market.

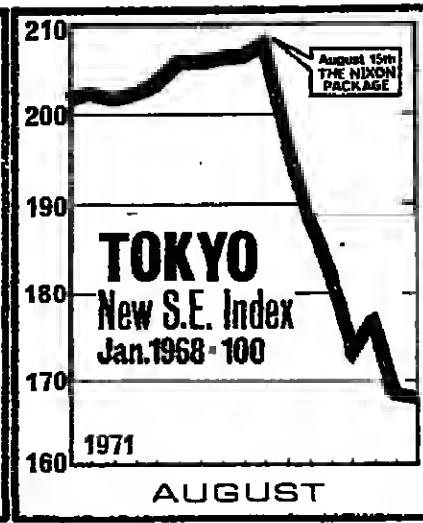
If the Bank of Japan maintains its vigilance the country can remain permanently insulated from any kind of international monetary pressure other than that represented by its own massive foreign exchange earnings. But it can-

not insulate itself from political pressure. It is this which has been making some Japanese officials have private second thoughts.

The main source of that pressure, of course, is the U.S. and it is precisely because President Nixon has now taken drastic action that the Japanese are at last beginning to take the Americans seriously. The U.S. import surcharge, if it continues in its present form, even for a matter of months, is liable to do very serious damage to Japan's export performance in the American market, which is not only the country's biggest but also one of the most buoyant.

Squabble

Japan's leading exporters, including its steel producers and its motor manufacturers whose American sales have almost doubled since 1970, would be hard pressed to find new markets if they found their shipments to the West Coast of the U.S. seriously impeded: the fact that some motor manufacturers have been talking seriously about a sales campaign in Eastern Europe shows just how grave their situation could be.



all that the Americans want of them.

The initial Japanese package, which was rumoured to have been in the luggage of Mr. Kashiwagi when he left Tokyo last week, consisted of a 5 per cent. revaluation plus the introduction of a new 3 per cent. "band" which would have permitted the yen to rise to 8 per cent. above its present parity. The Japanese move was obviously designed to pre-empt any talk of floating the yen, which is regarded with even more horror in Tokyo than revaluation itself.

Initiative

There is little doubt that Washington wants more than a 10 per cent. revaluation as the price for surrendering the initiative in Tokyo in the monetary battle between the two capitals. U.S. officials have spoken in the past of a 20 per cent. adjustment as being the least which, in their view, would produce any real impact on Japanese exports. At the same time, the Americans would rather see the yen float than agree to a limited revaluation in the knowledge that all today's battles would have to be fought against next time the yen is undervalued.

The result of this clash of viewpoints is liable to be deadlock—at least for the time being. Japan will not simply give in to American demands and the U.S. will not compromise with the Japanese so long as there is any chance of effective European support for the American position. Yet if this is the short-term prospect, it is equally obvious that there must ultimately be a showdown—or a settlement, which will require very substantial Japanese concessions. The price of peace may look high in the Japanese leaders who have become accustomed to their own way in running the country's economy. But the alternative could spell disaster.

Labour News

White-collar men go back at Port Talbot

BY ALEX HENDRY, LABOUR REPORTER

THE unofficial strike by 2,000 white-collar workers that threatened to shut the Port Talbot steelworks was called off yesterday. The strikers are expected to return to work today. But the threat of a national strike by 15,000 blastfurnacemen still hangs over the British Steel Corporation. Their strike is due to begin on September 5—in 12 days—unless some agreement can be reached on their pay claim. The executive of the National Union of Blastfurnacemen meets in London on Friday to discuss its strike plans. It will also draw up safety procedures for the damping-down of the furnaces. If this is not done correctly, it can be a serious hazard to other workers and could damage the furnaces which take two months or more to bring back into production. The Port Talbot strikers, who had been warned that the plant would be shut by tomorrow if they did not go back to work,

Post Office to retain parcels service—Ryland

BY HAROLD BOLTER, INDUSTRIAL CORRESPONDENT

FIRM proposals for important changes in Britain's postal service will be put to consumer interests and Post Office staff representatives within the next few weeks. But the parcels service, considered as a possible candidate for "dying-off," will be retained by the P.O.

This pledge was given by Mr. Bill Ryland, the Post Office chairman, yesterday. He said that he wanted to put an end to speculation that the service might be abandoned as unprofitable.

"We have been in the parcels business for 100 years and we are going to stay in it, giving a service from anywhere to anywhere every day at a fair price," Mr. Ryland emphasised.

"But we are looking at it to see if we can change it in any way which would help to meet our customers' needs better."

Mr. Ryland said that the Post Office intended to cut out and slim down services which it felt the customer did not want, but did not aim to truncate or deplete services purely for the sake of economy.

Apart from parcels there has also been speculation that the P.O. might decide to end second deliveries, except in the main commercial centres, and reduce opening hours at some post offices, particularly on Saturday afternoons.

Reductions in the postal business labour force might also be achieved through the use of

more part-time labour, it has been suggested.

Mr. Ryland accepted yesterday that the Post Office wanted to economise, to the extent that jobs could be done as efficiently as possible. But it also wanted services to grow, he said.

"What we have to do is give a first class post service and a first class telephone service, both looking after their own needs," he said. This would not be helped by giving some parts of the Post Office assistance at the expense of others, he maintained—an obvious response to suggestions that the profit-making telecommunications service should be used to cross-subsidise heavy losses on the postal side of the P.O.'s operation.

Deadline for agreement on RB-211 extended two weeks

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE British Government has agreed to an extension to September 8 of the time limit for completion of contractual arrangements on the Rolls-Royce RB-211 engine by Lockheed Aircraft Corporation of the U.S.

This was confirmed by the Department of Trade and Industry which said yesterday that this extension would allow Lockheed time to negotiate final terms with airline customers for the TriStar for the loan guarantee to Lockheed.

The terms of continued U.K. Government support for the RB-211, currently running at around £2m a week, require settlement of both those matters. Originally, the deadline was August 8, but this was extended to August 24.

The deadline has always been regarded as flexible, as long it was apparent that there were good prospects of a satisfactory

agreement eventually materialising. Despite the recent problems with the U.S. 10 per cent import surcharge, which will be levied on the RB-211, the feeling in Whitehall is that Lockheed should now be able to complete its contractual arrangements with banks, airlines and Rolls-Royce (1971) by September 8.

Made clear But it is understood that it has been made clear to Lockheed that the Government cannot go on extending the deadline indefinitely and that some results are expected by September 8.

An automatic further extension beyond that cannot be presumed by Lockheed and thus the company will have to work fast over the next two weeks. The special committee set up by the U.S. Government to consider the implementation of the Congressionally-approved loan guarantee to Lockheed has its

first meeting in Washington today and is expected to start work quickly so as to ensure that Lockheed is not delayed further in its talks with airlines and banks.

A Lockheed spokesman in London yesterday indicated that so far as was known, the discussions with the airlines had been going well in the last week or so and there seemed to be no reason to suppose that the new deadline of September 8 should not now be met.

If it is, it will round out a saga of over seven months in which Lockheed, under its chairman, Mr. Dan Haughton, has been fighting not only for the continuation of the TriStar but also for its own survival. In that time, the one factor that has amazed many in the aerospace industry and Governments on both sides of the Atlantic has been Mr. Haughton's immense stamina.

Concorde resumes trials

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE British-assembled Concorde for modifications and examination, flew out over the Bay of Biscay on a "shake-down" mission, designed to ensure that all the modifications functioned correctly.

The aircraft, which has been on the ground for several weeks

1 hour 9 minutes, of which about 32 minutes was what is called "bisonic" time—that is, time spent at a speed in excess of the speed of sound, or Mach 2. The fastest speed reached was in fact Mach 2.03, or more than 1,300 mph.

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involved in the project. In the case of the power station extension for Arthur Guinness in Dublin, British Engine checked items and assemblies from over 100 manufacturers.

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New print pay talks

BY ALEX HENDRY, LABOUR REPORTER

PRINT union leaders are to meet the Newspaper Publishers Association later this week to discuss a "new form" of pay offer for 16,000 Fleet Street printing workers.

The NPA had offered an increase of £1 a week on basic rates and consolidation of the existing £1.10 a week cost-of-living bonus. Two of the major unions, the National Graphical Association and the National Society of Operative Printers and Assistants, rejected it. Natsopa, asked for a further increase of £1, to give a £2 a week increase on basic rates. The NGA wanted a percentage increase so that their differentials over other print workers would not be decreased.

The NGA last week instructed its chapel (branch) fathers on the contingency plans it had drawn up. These would have been put into effect if the NPA had not offered further negotiations.

Mr. Joe Wade, assistant general secretary of the NGA, said yesterday: "We want a percentage increase for two reasons. A flat rate increase would mean everyone would get the same and this would narrow the differentials."

"There would be wide variations between each office if a flat rate increase were negotiated at national level. This is because of the different ways it would be applied to the comprehensive agreements with each office."

Natwest advances pensions

BY MICHAEL HAND, LABOUR CORRESPONDENT

THE National Westminster Bank is introducing an early retirement scheme which will reduce the size of its staff to match the rationalisation of its branch network following the merger of the National Provincial and Westminster Banks.

There have been consultations with the staff association and the National Union of Bank Employees who have given their blessing to the scheme, which will operate on a voluntary basis.

Some 500 staff will be given the opportunity to leave over the next five years and those who do will get their pensions immediately and also a lump sum, the size of which will depend on length of service. An officer who has been with the bank for more than 25 years would receive four

months' salary for every uncompleted year up to normal retirement age.

NEW POLL FOR SCOTTISH EPTU POST

THE executive of the Electrical and Plumbing Trades Union has ordered a new election for the executive seat in its Scottish division following allegations of irregularities.

Mr. William Blairford, the sitting member, was defeated by about 600 votes by Mr. Charles Montgomery, a left winger, in the first election last June. This has now been declared invalid by the executive.

Two by-elections likely next month

BY RICHARD EVANS, LOBBY CORRESPONDENT

THE by-election in the safe Labour seat of Stirling and Falkirk is to take place on September 16 and the crucial contest at Macclesfield should follow within the next fortnight.

The writ for Stirling and Falkirk was moved by Labour last night and its candidate, Mr. Harry Ewing, should have little difficulty in holding the seat. The former MP, Mr. Malcolm Macpherson, who died in May, had a majority of over 7,000 at the General Election.

There is a certain to be a strong challenge from the Scottish Nationalists who are putting up their president, Dr. Robert McIntyre, but at the General Election they came a poor third. The Macclesfield by-election is

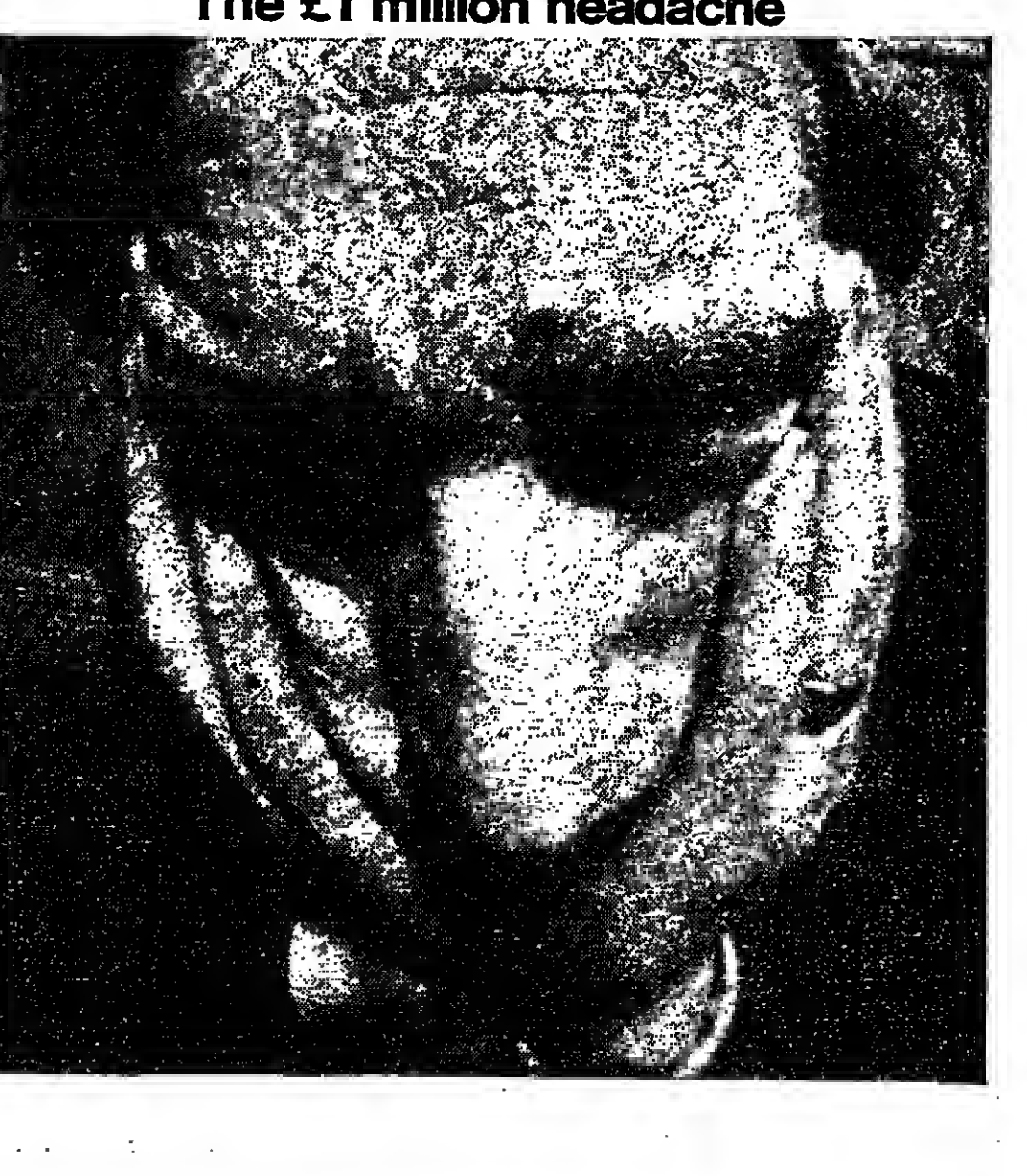
likely to be held on either September 23 or September 30, although a final decision has yet to be taken. But Tory Party managers are anxious to have the seat filled before Parliament returns in mid-October.

Ministers were extremely nervous about holding the by-election in the summer following the loss of Bromsgrove, but latest reports from Macclesfield have reassured Tory Central Office and the movement in opinion polls towards the Government and in favour of the Common Market have made the chances of holding the seat with an adequate majority much more promising.

Common Market entry could well be the major issue in the campaign. The Conservative candidate, Mr. Nicholas Winter-ton, has in the past spoken against British entry, but it is understood he is now coming round in favour.

In any case, the Government's propaganda campaign will be in full swing prior to the Commons debate, and Ministers will turn up at Macclesfield in force. The Labour candidate, Mrs. Diana Jeuda, is strongly anti-Market.

The by-election is caused by Sir Arthur Vere Harcourt becoming a life peer. At the General Election he had a majority of over 10,000, and Labour would require a swing of 9.5 per cent. to capture the seat.



COMPANY NEWS + COMMENT

Court Bros. pays more—25% scrip

A final dividend of 12 1/2 per cent. by Court Bros. (Firm) will effectively raise the total from 18.18 per cent. to 20 per cent. for the year ended March 31, 1971.

A one-for-four scrip issue is also proposed, and directors intend to maintain the same rate of dividend on the increased capital.

The scrip will be one non-voting "A". Ordinary share for every four Ordinary or "A" Ordinary.

Following the half-way figures of 1970-71 against 1969-70, group profit, before tax for the year, has improved from £1,086,902 to £1,494,555.

1970-71 1969-70

Turnover £12,745,951 £11,545,531

Trading profit £1,732,729 £1,313,909

Profit £1,494,555 £1,086,902

Taxation £384,596 £278,417

Net profit £1,109,959 £808,485

Dividend £1,109,959 £808,485

Preference dividends £3,000 £3,000

Final 1969 £3,000

Interim Ordinary £3,000

Non-voting "A" £3,000

Final Ordinary £3,000

Non-voting "A" £3,000

Reserves £40,000

After transfer to deferred profit and unearned charges provision £238,174 (£238,174)

● comment

Court's six months outturn—profits 34 per cent. higher—helped to push up the share price from 125p to 207p, to a level that lent heavily on trading conditions October to March. The market, it seems, has once again got its sums right. Still greater than half bounce leaves annual profits ahead by 36 per cent. pre-tax, lifts earnings to 15.2p a share and drops the price to 18 1/2 pence.

Overseas areas—some 30 per cent. of profits—had a good year, notably Australia, and the West Indies where a couple of new outlets were opened at the end of the year. The UK-based four extra retail branches and these should have a more significant impact upon 1971-72 trading. That continues to move well in the wake of easier credit and rising demand for furniture, bedding and carpets, and to date sales are ahead of 1970-71. Higher spending levels apart, this year benefits presumably from the 1970-71 "economics" which did so much for margins last year, given sales growth of just 19 per cent.

Aaronson ahead in first half

CURRENTLY, turnover of Aaronson Bros. is at record levels and the Board is confident that the results for the year to September 30, 1971, will once again show a very encouraging increase on the previous year.

For the six months to March 31, 1971, profits rose from £339,000 to £407,000 before tax of £128,000 and £152,000. The interim dividend is up from an equivalent 5.6 per cent. to 8 per cent.

For 1969-70, the total dividend was equal to 25.6 per cent. on pre-tax profit of £778,000.

First-half attributable profit was £263,000 (£175,000). The group manufactures and sells veneers, boards, and decorative laminates.

● comment

Aaronson's shares have raced up 94 per cent. this year and the optimists should be pleased with the interim outcome as pre-tax profits are 38 per cent. up. In particular plastic laminates seem to have done well while both the Australian and Danish interests are expected to come good in the second half after earlier upsets.

In addition, the traditional veneer lines should benefit from the recent upturn in housing starts though the wide range of industries supplied (including furniture and do-it-yourself as well as building) makes the company rela-

INDEX TO COMPANY HIGHLIGHTS

Company	Page	Col.	Company	Page	Col.
AAH	16	3	HAT Group	19	5
Aaronson Brothers	16	1	Hindson & Reid	18	2
Austin Hall	16	4	Litton Textile	18	4
Black and Edgington	16	2	Marshall Investment	17	5
Brown Brothers Albany	17	6	Montgomery Reid	18	1
Carrington Virella	16	1	Negretti and Zambra	18	3
Court Brothers	16	1	News International	18	4
Courtesy Pope	16	5	Owsh Highfields	17	7
William Denby	16	4	Power Tools	17	8
Dene Shipping	17	5	Rentokil	17	5
Doxford & Sunderland	16	6	Reynolds (W. J.)	18	3
Eastern Produce	17	6	Sennah Rubber	17	7
Flag Investment	18	2	Sharpe (W. N.)	16	3
Greaves Organisation	17	8	Willing & Co.	18	7

tively immune to fluctuations in any particular sector. In the full-year pre-tax profits should be over the £1m mark, giving a pre of about 21 at 510p which, despite the recent strength on the trading front, clearly owes something to continued bid rumours.

Statement Page 11

Black & Edgington sees 12 1/2%

PROFITS, before loan stock interest and tax, substantially in excess of the previous year's £309,561 and a dividend total of not less than 12 1/2 per cent. are expected by Black & Edgington for the year to September 30, 1971.

For the 36 weeks to June 5, 1971, profits before loan stock interest and tax were £105,000 against £83,000.

A maintained 5 per cent. interim dividend is declared—the previous 11 1/2 per cent. total included a special interim of 3 per cent. and a second interim of 3 1/2 per cent.

After convertible loan stock interest of £51,000 (nil) and tax, £18,000 (£23,000) first-half profit was £36,000 against £32,000. Turnover amounted to £3,172,000 (£2,115,000), including £311,000 (£111,000) from the current period.

Directors say the trading profit increase to £105,000 was despite expected initial losses of £11,000 during the first four months' reorganisation. These shops are now operating profitably and above expectations.

Home sales excluding recent acquisitions increased by 12 1/2 per cent. and the considerable expansion in sales of North American subsidiaries continued. Export sales declined to some extent.

The introduction of outdoor centres in Birmingham, Leeds and Liverpool has proved very successful and new ones are planned for Cardiff and Edinburgh, the directors report.

Increasing demand for manufactured products has stretched production facilities and plans have recently been approved for a 13,000 square foot extension to the Greenock factory, which it is hoped will be operational early in 1972.

The results of Joseph Bryant have been disappointing and arrangements to dispose of their horticultural sundries business have now been made. Vigorous action is being taken to improve production and rationalise development is also being accelerated to meet the increased demand for sophisticated from consumers in this field.

The Board predicts that results

will be in line with the previous year's, but that the interim dividend is stepped up from 5 to 6 per cent. A total of 10 per cent. was paid for 1970 from a profit of £801,563.

Net profit for the half year was £260,661 (£231,164) after tax £143,500 (£118,000).

In arriving at the results it was necessary to make certain assumptions about stock values, which because of seasonal nature of much of the company's trading, the directors state.

The results include an estimated credit expected recovery from the subsidiary's factory.

AAH at least to hold profit

GIVEN REASONABLE trading conditions in fuel distribution and other activities, Mr. W. M. Pybus, chairman of AAH, is confident that the current year will produce profits at least the same as in 1970-71.

Although fuel distribution will continue to be a very important part of the business in the foreseeable future, every opportunity will be taken to enlarge the

scope of the other activities and broaden the group's base generally.

The chairman says that the company will be assisted in this by the retained profits built up and by the sale of the French investment for £205,000, against original book value of £28,227.

In the year ended March 31, 1971, profit, before tax, advanced from £147m. to £2,02m.—notable recovery areas were general engineering and builders' merchants where losses were turned into profits.

In fuel distribution the policy of acquisition and rationalisation continues and this has resulted in a significant improvement in the return on assets employed.

In chemical engineering the chairman says that although sales are currently at about the same level as a year ago United Carbon Black is to some extent still suffering from loss of business due to the close down of the plant in February. This was the result of a demonstration against alleged pollution from the UCB works.

During the current year work will be started on upgrading the plant to improve its chemical life, and eliminate any question of pollution.

In the short term "we must be prepared for some further downturn this year from chemical engineering," says Mr. Pybus.

Meeting, Quaglin's, Bury Street, S.W., September 15 at noon.

● comment

With Millets continuing to make losses for much of the period, Black & Edgington's 23 per cent. improvement at the trading level is a fair achievement. Home sales have been buoyant, no doubt aided by the new outdoor centres in Birmingham, Leeds and Liverpool, while the North American subsidiaries continue to push ahead. However, the most cheering point of the interim announcement is that Millets is now trading profitably, which must reflect a quicker end to the reorganisation than anticipated. As a result of the latter, margins should presumably improve but until the extent of this is known, it is difficult to quantify the profits could prove hazardous. Nevertheless with a sizeable uplift on the cards for both this year and next, the share price, despite its historic p/w of 17 1/2 at 135p, could still be worth a ride.

W. N. Sharpe outlook "promising"

CURRENT YEAR outlook of fine art publishers, W. N. Sharpe, is quite promising, subject to usual reservations that much depends on the Christmas season trade, the directors state.

First half group pre-tax profit increased slightly from £280,164 to £404,161, and the interim dividend is stepped up from 5 to 6 per cent. A total of 10 per cent. was paid for 1970 from a profit of £801,563.

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Austin Hall to pay 20%

AN INTERIM dividend of 7 1/2 per cent. is declared by the Austin Hall Group and chairman, Lord St. John, says that the company is possible to pay a total of 20 per cent. for 1971. For the nine months to December 31, 1970, an equivalent 10 per cent. was paid, adjusted for a one-for-four scrip issue.

Profits for the six months to June 30, amounted to £365,000 before tax of £141,000. The Board anticipates a further improvement in the second half. For the pre-tax nine months, pre-tax profits amounted to £365,000.

First half results are a record. The Board states that further strengthening of the group's position in the temporary and mobile classroom market was achieved with the acquisition of Stephenson Developments (Holdings) in August. Substantial orders this year have been received from Education Authorities in Essex, Harrow, Bristol, East Suffolk, Staffordshire, Roxburghshire and Edinburgh, and Hastings.

Orders for garden buildings, the majority of which are received by post, were affected by the postal strike at the beginning of the year. However, by improving the use made of the show centres and by use of local advertising the impact of the strike was minimised.

The hire purchase activities through Abbot Finance have been helped considerably by the relaxation of restrictions and new business is currently being written at record levels.

The prospects for the group continue to be encouraging, the directors add.

● comment

Rising from 97p to 149p since March, Austin-Hall has become one of this year's faster moving recovery stocks, and the six months profits would seem to justify the market's response. The £365,000 pre-tax returned so far includes around £170,000 from the Clifton acquisition which chipped in some £70,000 for the final six months of the 1970 period. For the full year a group total of around £750,000 could prove a minimum bid which implies 1971 earnings of 9.3p a share (fully taxed) and a maximum p/w of 16.

That is supported by a strong performance currently in motor hire purchase and by what the new management is now doing for existing garden and industrialised buildings, where this integration with Clifton. There could also be a nominal final quarter contribution from Stephenson (acquired in July) though what counts here is the 1972 prospect. A letter of intent has been received from Continental Mines Corporation whereby its subsidiary, Shannon Mining, Milling and Manufacturing, Dublin, could earn a 70 per cent. interest in bringing the area into production.

The Welsh property was acquired from Mining Holdings, of London, whereby this concern would receive 13.3 per cent. of the net profits until all the costs of bringing the mine to production had been recovered. Subsequently, Mining Holdings would be entitled to 33.3 per cent. It should be emphasised, of course, that it has yet to be established that the prospect has any chance of becoming an economic mining proposition.

SEA DIAMONDS STILL SOUGHT

Although both offshore and sea mining of diamonds by Consolidated Diamond Mines of South West Africa off the coast of that country ceased in April, work on this formerly much publicised operation has not been abandoned.

The latest progress report from the Sea Diamond Corporation indicates that the company is not intended to issue any further regular reports until mining operations are resumed or any other activity is revealed by prospecting operations.

CDM renewed its lease agreement with Marine Diamond Corporation for a maximum period of three years as from January 1 last at a lease rental of £2m. (£1.7m.) per annum. Work is concentrated on gully sampling in areas of exposed bedrock. This is being effected by divers operating from the prospecting ship Rockstar. Progress has been slow, only four samples having been completed yielding 52 diamonds weighing 14.77 carats. Sea Diamond are quoted at 7 1/2p.

UNIT TRUSTS

JAPAN FUNDS

It will be noted that both M and G Securities and Save and Prosper have withdrawn price quotation for their respective Japanese unit trusts. The reason is that until the situation surrounding the Yen is clarified the managers consider it inadvisable to place a valuation on the underlying assets in the funds. So they are effectively neither liquidating nor creating units.

At the moment willing sellers are being matched with buyers where possible, though the two groups are advising unitholders to sit tight until the position becomes settled.

W. Denby pays 33% again

AS FORECAST, the directors of William Denby and Sons are maintaining a final dividend of 21 per cent. which holds the total at 33 per cent. for the year to June 30, 1971.

Group profit has fallen from £301,017 to £158,332 subject to tax of £72,450 (£136,173).

Principal activities include dyeing and proofing, shrinking and finishing.

ANTIFERRENE

Quotation for 7 per cent. Cumulative Preference shares of Antiferrene Group has been cancelled at the request of the company.

Over 94.17 per cent. have been acquired by Grovewood Securities. Application to make specific bargains under Rule 163 (2) may be submitted.

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W. MINING'S ORE MILLED RECORD

A record for ore treated was set up by Western Mining's Kamdela nickel mine in the four weeks to August 17. The figure of 94,672 tons compares with 88,705 tons in the preceding period and with the previous best of 94,692 tons last March. The

grade of 3.61 per cent. nickel is the highest since December's 4.01 per cent.

Nickel concentrate production of 24,308 tons falls a little below the previous peak of 24,777 tons attained in November. The total content of 11,74 per cent. is the best since January's 11.89 per cent. Magnetic concentrate stockpiled in the latest period totalled 13,777 tons. The ore treatment figure includes 7,718 tons of purchased ore.

The recent production improvement is unfortunately soured to some extent by the labour dispute which shut down mining operations on August 20 and the effect of which will be felt in the next four-weekly output figures.

NEW THREAT FOR LE NICKEL

The labour troubles at Le Nickel's New Caledonia nickel mines are now partially resolved but in being so they pose a new threat. It was reported from Noumea yesterday that about 52 per cent. of the workers had accepted the company's invitation to return to work.

A meeting of the main union concerned, however, maintained the strike call and threatened that in view of the proposed return to work of the minority unions it would withdraw those of its own members who during the seven-week strike had been assuring the minimum security of the blast furnaces. The deadline was 17 hours local time yesterday.

MINING BRIEFS

UNITED STATES Long tons concentrate 170 per cent. grade: Tin 13 tons, columbite oil, Four months to date: Tin 14 tons, columbite oil, Same period 1970: Tin 36 tons, columbite oil.

CONSTABLE HART

Documents in respect of the £214,000 offer by privately-controlled Thomas Roberts (Westminster) for Constable Hart have been sent out. The Constable directors have already dismissed the offer as inadequate and have said they will give their reasons after the other documents have been studied.

During 1970-71 several ship contracts were secured, all of which are expected to be profitable.

"Since their deliveries run into 1975 and because the effect of escalation clauses which covering most of these contracts has yet to be proved, it is not considered prudent to take credit for these profits in the provision for future losses," the chairman adds.

Mr. Huggall says that contracts to be completed in the current year will produce a trading loss which should be covered by the provision applicable to the contracts. After taking account of profits anticipated from other activities, it is not expected that the company's reserves will be further reduced.

If the provision for future losses proves adequate the company's reserves should increase



The present world currency difficulties were unlikely to have any material effect on the current year's operations of Shipping Industrial Holdings and the forecast that profits would at least match those for 1970 was still valid, reported Mr. Joelyn Hambro, the chairman, at the annual meeting in London yesterday.

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Aaronson Bros. int.	5	Oct. 11	5.6	—	25.6
Alliance and Dublin Consumers' Gas int.	5	Oct. 1	5	—	10
Austin Hall int.	7 1/2	Oct. 21	—	(e) 10	11 1/2
Black & Edgington int.	5	Sept. 30	5	(e) 10	17 1/2
Brown Bros. & Albany int.	(d) 6	Sept. 22	4	—	10
Carrington Virella int.	2	—	—	—	18.18
Court Bros. int.	12 1/2	—	—	—	16.7
Courtesy Pope int.	13 1/2	—	—	—	33
W. Denby Sons int.	21	Oct. 20	21	33	33
Ellis (Richmond) int.	21	Oct. 22	21	21	21
Flag Investment int.	6	Sept. 20	6	6	6
Greaves Organisation int.	35	—	30	55	50
Hackney and Hendon int.	7	Sept. 24	6	—	20
Greybonds int.	20	—	15.9	30	22.2
Hindson & Andrew Reid int.	4.7	Oct. 20	4.8	7.2	7.2
Black & Edgington int.	4	Nov. 3	4	4	4
William Nash int.	3	—	4	—	—
National Sunlight Lds. int.	5	Sept. 30	3	—	11
Negretti and Zambra int.	(n) 1	—	2	—	4
Negretti and Zambra int.	(n) 1	—	2	—	4
Sennah Rubber int.	9	Oct. 1	nil	4	nil
Sennah Rubber int.	9	Oct. 1	nil	4	nil
W. N. Sharpe int.	6	Oct. 27	5	—	10

● Equivalent after allowing for scrip issue. † Amount per share.

(a) Tax free. (b) On capital increased by rights and/or acquisition issues. (c) Minimum 12 1/2 per cent. total forecast. (d) To reduce disparity. (e) For nine months.

MINING NEWS

On the trail of a Welsh mine

BY LESLIE PARKER, MINING EDITOR

FURTHER details have now been received of the Canadian investigation of a lead-zinc-silver prospect near east of Aberystwyth in Wales briefly mentioned yesterday.

In work on cleaning out two winzes 60 feet apart at the Gwaith Coch mine an average width of 30 inches sampled every 3 feet in both winzes has yielded assays averaging 16 per cent. zinc, 4 1

BIDS AND DEALS

Fordath backs £3m. counter offer by Hepworth Ceramic

THREE WEEKS after announcing an agreed £2.2m. takeover of Minsep, the Fordath foundry and engineering group yesterday announced the directors had switched to recommending a £3m. offer from Hepworth Ceramic Holdings.

The all-share offer from Hepworth is worth about 18p for each Fordath Ordinary compared with the 19p which the Fosco terms were worth.

Hepworth said it would not go ahead with an offer unless the Fordath directors accepted it. Irrevocably in respect of their holdings representing more than 50 per cent of the capital.

This was made clear to Fosco and its advisers W. M. Hargreaves who decided to withdraw from the scene. Relations between Fosco and Fordath remain friendly and trading between the two—they have joint overseas companies—is unlikely to be affected by the situation.

The market welcomed Fosco's withdrawal by putting the price up 1p to 142p.

In a joint announcement yesterday, Hepworth and Fordath maintained an important activity of Fordath is the manufacture of castings required for bonding sand to form the moulds and cores used in foundries. It also manufactures certain foundry consumables made from resin and sand, the resin ingredient being provided from its own production, and designs and manufactures specialised equipment required by foundries for the preparation and handling of resin-bonded sand.

British Industrial Sand, the industrial sand division of Hepworth, is the largest supplier of sand used in British foundry and resin-coated sands are an important part of its sales.

The directors of Hepworth and Fordath said the combination of British Industrial Sand with Fordath will result in the provision of a more efficient and comprehensive service being available to their respective customers in the foundry industry, the statement added.

The offer to be made on behalf of Hepworth by J. Henry Schroder Wagg is of 14 Hepworth Ordinary shares for every 10 Fordath shares, which rose 3p to 180p after the news. In the negotiations, Fordath was advised by John Prust.

EAST KILBRIDE PROFITS ESTIMATE

According to accounts about to be audited, East Kilbride Dairy Farmers pre-tax profit for the year to March 31, 1971, was about £180,000 compared with £142,984 for 1970.

Giving this news in a letter accompanying the formal offer from Express Dairy Company, the Grand Metropolitan Hotels subsidiary, East Kilbride chairman Mr. Cole-Hamilton states: "While the directors are confident about future prospects of the group as an independent entity, they consider that profit growth in the next few years is unlikely to be at a faster rate than in previous years and could in fact be slower."

Mr. Cole-Hamilton reveals East Kilbride took advice from chartered surveyors Kenneth Ryden and Partners about the group properties and the surveyors formed the view that the entire property portfolio is unlikely to be materially different in value than from that shown in the balance sheet.

Closing date for the offer is September 14.

MALAYA GENERAL
Malaya General is forecasting a profit before tax of not less than £120,000 for the year to October 31, 1971, compared with £253,000 previously. The Board intends to distribute a dividend of 12½ pence (17½ pence).

These forecasts are included in a letter to shareholders from the chairman Mr. W. E. Catto, accompanying the circular relating to the acquisition by Malaya of Yule, Catto, Mr. Catto

points out that the setback was foreseen in the last annual report, and is due to a fall in the market price of rubber combined with the ending of certain advantageous forward contracts.

In the year to end-June, 1971, Yule Catto, a private company, made a profit before tax of £125,000, of which £40,000 was in dividend income from Malaya General.

Once the merger with Yule Catto is accomplished, the Board of Malaya proposes to change the name of the group to Yule Catto. Full particulars of the enlarged group will be advertised in due course, and it remains the policy of the company, which is suspended at the request of the company, will be restored on October 7.

WIGHAM RICHARDSON

Terms for the acquisition by Slater Walker Securities of Wigham-Richardson and Bewington have been amended since the deal was originally announced, but the value of the offer at some £19m. or 22½ pence a share remains the same.

Instead of shares and cash, the terms are now 28 SWS shares and 5 warrants to subscribe for SWS Ordinary shares for every 70 Wigham Ordinary shares.

This is disclosed in the offer documents which have now been sent out by Slater Walker. There has been a change in the merchant bankers Joseph Sebag for the warrants forming part of the SWS terms at 140p a warrant. The cash bid closes on September 14, as does the SWS offer, and it will not be extended.

The directors of Wigham are to accept the SWS offer in respect of 70 per cent of their total shareholdings. In addition, they (advised by S. G. Warburg) recommend shareholders to accept.

Details of the plan for SWS to sell its insurance broking subsidiary, Walker Young and Co., to Wigham are also given. This deal is subject to the SWS bid for Wigham going through.

Wigham will acquire Walker and 1,000 Drakes units at 210p. Edward Bates sold on behalf of associates—10,000 United Scientific Holdings—on the London Stock Exchange for Bristol Street group 20,000 Binemel at 99p and sold 400 at 99p for investment clients.

J. Henry Schroder Wagg sold on behalf of Tate and Lyle pension funds, being associates of Tate and Lyle—20,000 Tate and Lyle at 146p.

Pannure Gordon bought on behalf of associates of Sterling Guarantee Trust—5,000 Wharf Holdings at 27½p.

S. G. Warburg sold on behalf of an investment client—5,000 Canard at 209p.

SEAFIELD AMALGAMATED
Shareholders in Seafield Amalgamated Rubber are again urged not to take any action in respect of the offer by Sime Darby Holdings.

In a statement yesterday, Mr. A. H. Marshall, chairman of Seafield, said that the documents sent out by Sime Darby and the offer were being considered and that a further communication would be sent out to shareholders as soon as possible.

The directors of Seafield have already dismissed Sime's terms as inadequate.

BROWN BROS.
The offer on behalf of Brown Brothers and Albany in the Preference capital of Brown Brothers has been declared unconditional.

Acceptances totalling 172,581 shares, representing 77 per cent of the capital have been received. The offer will remain open until October 5.

MONTFORT
Mr. G. H. Sexton, chairman of Montfort (Kilting Mills), says he has every confidence that his profit forecast for 1971 will be achieved and even exceeded. In addition, budgets for 1972 and the two subsequent years, when full benefits of the current expansion programme are realised, indicate that profits "will continue to rise as they have done since 1967."

His statement follows the abortive bid by Reliance Hoistery (Rafax) which has just lapsed.

Young by the allotment to SWS of 124m. shares which, on the basis of Wigham's shares being valued at 22p by the SWS offer, puts a value on the deal of £2.74m. This would give SWS a 22 per cent stake in the increased Wigham capital.

SW TO BID FOR ARGYLE SEC.

Slater Walker is to make an offer in due course for outstanding shares in Argyle Securities, the property investment and development group, having already acquired a 41.8 per cent stake from Scottish Homes Investment Company at 60p a share.

Argyle yesterday announced that its market value had been completed and showed a net asset value of 63p per share. Rumours of a bid for Argyle were first made yesterday but it got caught out on the price.

The Argyle shares were marked up 39p to 100p at one time and just prior to SWS's announcement they stood at 80p. News of the proposed bid saw the price fall to 75p for an 11p gain on the day.

In its statement, SW said that it had purchased 2m. Ordinary shares of Argyle from Scottish Homes and that it had undertaken to purchase the remaining shares of the other shares at the same price.

At 60p, Argyle is capitalised at nearly £2.9m.

BRYANSTON ACQUISITIONS

Bryanston Finance has agreed to acquire M. Bolton and Co., of East London, die-sinkers, makers of the E. R. Rafter and Co. was £21,182 against a forecast £10,000 and £335,213 for the 12 months in 1971. The dividend was 31.25 pence in the previous 12 months. It was an equivalent 20.83 pence.

The Board consider the results to be satisfactory, particularly in view of the difficulties as regards cost increases which we have had to face in common with the majority of British companies," Mr. Parr adds.

Although it is too early to judge whether the poor results of the Government and others will succeed in reducing those problems which are outside the group's control, the directors are in the meantime, constantly reviewing manufacturing methods and other operations in order to obtain an improved rate of profitability from the substantially higher level of turnover obtained during the last three years.

Meeting, Manchester, September 17 at noon.

MORE BACKING FOR EDGER

Mr. Gabriel Harrison's Amalgamated Investments and Property Company has received further backing from its shareholders for Edger Investments. This time it is from Development Securities, in which the McAlpine family has a large holding and which owns 33.7 per cent of the Edger capital.

The directors of Development Securities have considered the AIP offer and have no hesitation in rejecting the terms in respect of the company's holding.

AIP has made two offers for Edger and both have been dismissed as unacceptable. And in the meantime Edger has had a property valuation carried out to back up its case.

BROOKS VENTILATION

Brooks Ventilation Units has purchased from Crown House its subsidiary, RCM Equipment, of Wembley, designers, manufacturers and distributors of air distribution and filtration equipment, for £150,000 cash, of which £144,784 was in repayment of the parent company loan and the balance the purchase consideration for the capital.

The tangible assets of RCM Equipment group at March 31, 1971, amounted to £150,059. Results for 1970-71 showed a loss of £30,672 after group management charges of £2,000. Brooks expects that RCM Equipment will achieve a profit of at least £25,000, before taxation, for the year to March 31, 1972.

DELTA CONTROLS
The offer on behalf of Concentric for Delta Controls has been accepted in respect of over 90 per cent and is now unconditional. It will remain open until further notice.

RAWLINGS
At the extraordinary meeting of Rawlings shareholders approved the acquisition of certain subsidiary shares of Rawlings. The acquisition has now been completed.

THE INTERNATIONAL pest control and wood preservation group, including the R. T. D. Group, is offering a 10 per cent interim from 8½ to 9 per cent on pre-tax profit for the six months ended June 30, 1971, increased 40 per cent to £1,505,000.

The directors say trading prospects for the second half are promising and intend to pay an increased final dividend.

For 1970 a final of 11½ pence made a 20 per cent total, on £2,668,000 pre-tax profit. First half U.K. profits were £1,089,000 (£775,000) and overseas subsidiaries profits were £416,000 (£298,000).

Group turnover increased to £8,431,000 (£5,771,000), of which the U.K. companies produced sales at home and abroad of £5,486,000 (£4,425,000). Turnover of the overseas subsidiaries was £2,945,000 (£2,346,000).

Chairman is Mr. P. L. Burgin. See Lex

Thos. Marshall looks for bigger profit

In respect of the current year, results so far of Thomas Marshall Investments are up to expectations and the chairman, Mr. J. D. Robinson, is hoping for a material increase in group profits, in which event, he says, dividends totalling 30 pence for the year to March 31, 1972, would be recommended.

As reported on June 26, pre-tax profits for the 15 months to March 31, 1971, including 12 months of the acquired E. Rafter and Co. was £21,182 against a forecast £10,000 and £335,213 for the 12 months in 1971. The dividend was 31.25 pence in the previous 12 months. It was an equivalent 20.83 pence.

The Board consider the results to be satisfactory, particularly in view of the difficulties as regards cost increases which we have had to face in common with the majority of British companies," Mr. Parr adds.

Although it is too early to judge whether the poor results of the Government and others will succeed in reducing those problems which are outside the group's control, the directors are in the meantime, constantly reviewing manufacturing methods and other operations in order to obtain an improved rate of profitability from the substantially higher level of turnover obtained during the last three years.

Meeting, Manchester, September 17 at noon.

Dene Shipping on target

Dene Shipping (controlled by High Income Trust and Tame Shipways and Industrial Holdings) reports a group pre-tax profit of £672,379 to £1,114,756 for the year ended March 31, 1971.

The seventeenth Annual General Meeting of Dene Shipping Limited will be held at 11 a.m. on September 16th at Arle Court, Cheltenham.

The following is an extract from the Chairman's statement:

The profit forecast made in my interim statement in February has been met. With full order books our prospects are good for sustained growth over the next few years.

There has been an escalation of one third in exports which now account for 25% of our turnover. Exports to E.E.C. countries have increased by 65%.

The great merit of our Group lies in its wide diversification. For the first time in our history aviation equipment sales account for less than half of our total turnover.

A further escalation in wages, amounting to 14% in the year, has forced up prices and could affect our competitive position. To counteract this we continually search for better economy but this unfortunately, sometimes gives rise to redundancies.

Financial
Turnover reached a new level of £52.5 million and profits before interest and tax at £5,483,000 were the highest ever recorded. After deducting interest charges of £450,000, profits before tax at £5,033,000 reached the forecast.

At the time of the failure of Rolls-Royce last February, debts due from that company amounted to £1.3 million, over 90% of which is, in respect of equipment for Government contracts. Your directors have considered it prudent to create a provision of 90% subject to tax relief.

Capital expenditure was adequately financed by depreciation cash flow but the expansion of our turnover and the inflationary effects of steeply rising costs created further demands for working capital. Bank borrowing increased by over £21 million. A resolution will be proposed at the A.G.M. increasing the authorised capital from £18,500,000 to £21,500,000. The Board is considering some form of equity financing.

There is a higher demand for coal in the U.K. and overseas and an increase in the use of longwall mining, equipment for roof support business has increased by 70% and exports have trebled. We are supplying mining equipment to over 50 countries and have met with great success in America and Europe, notably in Czechoslovakia and Poland. Record sales in equipment for

possibly by means of a rights issue of convertible loan stock.

Dividends
No change in the final dividend is proposed which is recommended at 5.25% making a total of 10.5% for the year.

Aviation
Orders for aviation equipment are larger than at any other time. We are large suppliers of "Adour" and "Jaguar" the Swedish "Viggen", the Indian "H.F.24", the Hawker "Harrier", the Fokker-VFW "F.28" and "614", the Anglo-French "Concorde", the American Douglas "DC-10" and the European MRCA coming into production in the mid-seventies.

We have always recognised that advance developments are essential investments. Our variable pitch propulsion fan, developed at our own cost, can reduce engine noise levels by one half and permits greatly reduced take-off and landing runs. A new type of undercarriage shock absorber, reduces the size and weight of conventional units by 30%. After some years of development our ram air turbines are now being used on many aircraft types.

Dowty Fuel Systems is rapidly expanding with equipment orders for various engines including the "Pegasus" for the "Harrier", the "Adour" for the "Jaguar", the "RB199" for the MRCA fighter, the "M45H" for the Fokker-VFW "614" and the SNECMA "M53" for the "Mig 21". Repair and conversion programmes are providing much additional work and the demand for spares is an important part of our total aircraft business.

Mining
There is a higher demand for coal in the U.K. and overseas and an increase in the use of longwall mining, equipment for roof support business has increased by 70% and exports have trebled. We are supplying mining equipment to over 50 countries and have met with great success in America and Europe, notably in Czechoslovakia and Poland. Record sales in equipment for

TURNER, PROFITS AND DIVIDENDS
Turnover £2,500,000
Profit before tax £2,033,000
Tax 1,942,000
Dividends 1,942,000
Provision for Rolls-Royce debts etc. (less tax) 800,000
Total retained for expansion 349,000

RECORD PROFITS and a dividend total raised by 5 pence, to 35 pence, are turned in by the Greaves Organisation, house developers, contractors and plant hirers. The final for the year ended March 31, 1971, is 35 pence.

Group profit, before tax, expanded from £236,833 to £500,636. Net profit came to £330,536 (£232,583), after tax of £238,500 (£198,501).

After waivers of £22,463 (£13,537) dividends absorbed £113,537 (£98,578).

New Guinea Development Company acquired in 1971. Eastern Produce has a wide geographical spread of assets including considerable tea estates in Ceylon and Kenya. In Malawi it is the principal manager of British tea estates and has acquired control of Bandanga Holdings, a tea producer. In India the group has a substantial holding in McLeod Russell, a well established agency house and owner of tea estates. In Malaysia the group has 15 per cent of Plantation Holdings, a leading producer of rubber and palm oil. The group own 22 per cent of Duncan Fox and Co. Ralli International recently made a successful offer for the capital of Duncan Fox and the Board of Eastern Produce decided to accept that offer.

Brown Bros. Albany progress

ON AN increased turnover of £21.47m. against £20.54m. first half group pre-tax profit of Brown Brothers and Albany increased from £714,000 to £881,000. The year to date continues to show a satisfactory increase in sales and he looks forward to a year end result which will reflect the continued progress of the group.

The increase in profits was spread over most companies within the group. Although costs generally continue to rise there has been, in recent months, a severe pruning of expenditure, which should result in a rising level of costs during the remainder of this year, says chairman, Mr. J. D. Robinson.

The year to date continues to show a satisfactory increase in sales and he looks forward to a year end result which will reflect the continued progress of the group.

Following reorganisation, a final dividend is expected for the current year in Ceylon. But the value of the company's Ceylon estates has been written down in 1971. The diverse holdings of its new facilities are an accelerated rate of growth will ensue.

As reported on August 3, group profit, before tax, for the year ended March 31, 1971, improved from £112,110 to £133,829. The total dividend is 15 pence (12 pence equivalent).

Ouvah Highfields

Mr. A. E. J. Emmett, tells members that despite the strike at Gonakale estate, yield for the first seven months has been "just about the same as in 1970."

To the end of July, about 30 per cent of estimated 1971 tea crop and the balance is expected to be net price only fractionally lower than in the corresponding period of the previous year.

This he says, is due to the fact that the poor crop obtained in London have fortunately been offset to a considerable extent by improved prices in Colombo, particularly for lower grades of tea.

As reported on August 8, group net profit for 1970 was £57,783 against a loss of £19,035. The dividend is 31 pence (21 pence).

Meeting, 31, Mincing Lane, E.C.3, September 19, 2.30 p.m.

SENNAH RETURNS WITH 4%

After an absence of eight years, Sennah Rubber is returning to the dividend list with a 4 per cent payment for 1970.

Pre-tax profit has advanced from £11,087 to £24,034. Tax takes £2,717 (£3,941) leaving a net profit of £20,317 compared with £7,446.

Chairman's Statement Page 5

Record Turnover and Exports up 33%

Sir George Dowty, Chairman

The following is an extract from the Chairman's statement:

The profit forecast made in my interim statement in February has been met. With full order books our prospects are good for sustained growth over the next few years.

There has been an escalation of one third in exports which now account for 25% of our turnover. Exports to E.E.C. countries have increased by 65%.

The great merit of our Group lies in its wide diversification. For the first time in our history aviation equipment sales account for less than half of our total turnover.

A further escalation in wages, amounting to 14% in the year, has forced up prices and could affect our competitive position. To counteract this we continually search for better economy but this unfortunately, sometimes gives rise to redundancies.

Financial
Turnover reached a new level of £52.5 million and profits before interest and tax at £5,483,000 were the highest ever recorded. After deducting interest charges of £450,000, profits before tax at £5,033,000 reached the forecast.

At the time of the failure of Rolls-Royce last February, debts due from that company amounted to £1.3 million, over 90% of which is, in respect of equipment for Government contracts. Your directors have considered it prudent to create a provision of 90% subject to tax relief.

Capital expenditure was adequately financed by depreciation cash flow but the expansion of our turnover and the inflationary effects of steeply rising costs created further demands for working capital. Bank borrowing increased by over £21 million. A resolution will be proposed at the A.G.M. increasing the authorised capital from £18,500,000 to £21,500,000. The Board is considering some form of equity financing.

There is a higher demand for coal in the U.K. and overseas and an increase in the use of longwall mining, equipment for roof support business has increased by 70% and exports have trebled. We are supplying mining equipment to over 50 countries and have met with great success in America and Europe, notably in Czechoslovakia and Poland. Record sales in equipment for

TURNER, PROFITS AND DIVIDENDS
Turnover £2,500,000
Profit before tax £2,033,000
Tax 1,942,000
Dividends 1,942,000
Provision for Rolls-Royce debts etc. (less tax) 800,000
Total retained for expansion 349,000

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BOARD MEETINGS
The following companies have announced dates of Board meetings in the 1971-72 financial year. The dates are given in the order in which they are likely to be held. The dates are given in the order in which they are likely to be held.

FUTURE DATES
Barnard's (Retail) Ltd. Sept. 10
British (A) Ltd. Sept. 10
Kingsway Motors Ltd. Sept. 10
Lloyds Bank Ltd. Sept. 10
S. H. W. Ltd. Sept. 10
Wainwrights Ltd. Sept. 10
Wells Bros. (Retail) Ltd. Sept. 10
Woolworths Ltd. Sept. 10
Blackburn Motors Ltd. Sept. 10
21st Marchers Ltd. Sept. 10
Narrow (W. E.) Ltd. Sept. 10

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Power Tools expansion to accelerate

Chairman of Power Tools Specialist, Mr. A. N. Creed, tells members that turnover to the end of July is 11 per cent up and he is sure that when the group is in a position to take full advantage of its new facilities an accelerated rate of growth will ensue.

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INTERNATIONAL COMPANY NEWS + EURO MARKETS

Bayer profits fall 28% in first half

BY CHRISTOPHER LORENZ
BONN, August 24.

BAYER, one of West Germany's three chemical plants, suffered a 28 per cent fall in parent company pre-tax profits in the first half of this year. A shareholders' letter, published to-day, states that pre-tax profits totalled DM259m, compared with DM353m in the first six months of 1970.

The profit was considerably less steep than the first quarter drop of 46.1 per cent, but this was due partly to the fact that last year's first quarter was still buoyant and that it was only in the second quarter that earnings began to show a negative growth rate.

A better guide to Bayer's performance this year is that second quarter pre-tax profits were DM141m, against DM118m in the previous quarter, DM178m in the final quarter of 1970, and DM129m in the third quarter. However, quarterly figures can only be a tentative guide.

Unlike BASF, which last week reported a first half drop of just

EURODOLLAR BOND MARKET

...decimated, but still viable

The upheavals currently taking place in international currency markets have once again focused attention on the Eurobond market and its problems. William F. Low discusses some of these difficulties, especially those concerning the relationship between the new issue (primary) and after-sale (secondary) sectors, with Walter A. Imthurn, who was formerly one of the leading operators in the secondary market and a member of the Executive Committee of the Association of International Bond Dealers (AIBD).

going on between the two sides should disappear. If one party has a reasonable case for improving or streamlining the trading mechanism, it should be considered, discussed and judged upon.

Assuming the two sides can settle the technical problems, what then?

There should be a step further and discuss the feasibility of the primary sector providing support for the secondary market. This has been done ever since the first issue was carried out, but what is really meant is whether the primary market should be willing to commit some of its own capital to a limited period of time, to ease a given issue into an unwilling system.

Certainly, there would be obvious advantages if this was implemented, but wouldn't such a move confront the issuing bank with a conflict of interest?

Yes, indeed. As things now stand, the issuing bank's first obligation is to its client—the borrower—to obtain the most favourable terms and only then to the investor. On the other hand, it is an indisputable fact that the growth of the secondary sector

Dm.250m. Algeria deal

A WEST GERMAN consortium has won a Dm.250m. contract for the construction of an electrical factory complex in Algeria. The complex, to be sited at Tizi-Ouzou, inland from Algiers, will include four sections: high-tension transformers, household equipment, bulbs and electrical parts for motor vehicles.

The contract was signed with SONELEC, the Algerian State electrical company. The leader of the German consortium is DIAG, a Berlin-based engineering company. The companies selling licences for the project include Siemens and Transair Aeronautique (an AEG-Siemens subsidiary). Robert Bosch Hausgeraete, Siemens Electrotechnik, Junkers and Osram.

Low: There has been considerable comment recently about the depressed state of the Eurodollar bond market, with phrases like "on the brink of total collapse" being used. How do you rate the market's chances of survival?

Imthurn: I think one can safely assume that the issuing sector can survive longer than the secondary market, since issuers could continue their role with private placements. Nevertheless, there should remain sufficient work for half-a-dozen traders to reach retirement age even though no more public offerings came to the market. If one does accept that the Eurobond market is going through a crisis, what is likely to happen?

Probably nothing, unless one or other side realises that they need each other. I feel that the petty bickering that has been

IN BRIEF

Europe

● NABIE of Hannover of £160m. of 25-year notes maturing in these columns yesterday should have read Dutch Airlines, not Dutch Airlines.

● KONINKRIJKE NEDERLANDSCHE HOOGOVENS EN STAALFABRIEKEN plans to float a £160m. 8 per cent. 15-year bond loan at a price to be fixed later, Algemeen Bank Nederland, as a member of the issuing bank consortium, said. Last week the issue price was £160m. It added, issue price will be published on August 27.

North America

● CANADIAN IMPERIAL BANK

OF COMMERCE reports nine months 110 July 31st net income

of \$24,000,000, or 64 cents a share, including extraordinary items, for six months ended June 30, against \$7,133m. (61 cents), also including extraordinary items, year earlier. Revenue totalled \$248,771m. (\$248,771m.).

Others

● AFRICAN EXPLOSIVES AND CHEMICAL INDUSTRIES said that in the first half 1971 pre-tax profit was \$23.5m, a 4.7 per cent rise over the \$22.5m. profit recorded in the same period last year. Group sales rose slightly, by 1.4 per cent, to \$244m. during the six months ended June 30, 1971. Tax after profits during the period were up 3.9 per cent over the same period last year, from \$7,500 to \$7,900m.

SELECTED EURODOLLAR BOND PRICES

MID-DAY INDICATIONS		Bid		Offer	
Alitalia 5 1/2% 1983	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2
Alitalia 6 1/2% 1983	101 1/2	102 1/2	103 1/2	104 1/2	105 1/2
Alitalia 7 1/2% 1983	102 1/2	103 1/2	104 1/2	105 1/2	106 1/2
Alitalia 8 1/2% 1983	103 1/2	104 1/2	105 1/2	106 1/2	107 1/2
Alitalia 9 1/2% 1983	104 1/2	105 1/2	106 1/2	107 1/2	108 1/2
Alitalia 10 1/2% 1983	105 1/2	106 1/2	107 1/2	108 1/2	109 1/2
Alitalia 11 1/2% 1983	106 1/2	107 1/2	108 1/2	109 1/2	110 1/2
Alitalia 12 1/2% 1983	107 1/2	108 1/2	109 1/2	110 1/2	111 1/2
Alitalia 13 1/2% 1983	108 1/2	109 1/2	110 1/2	111 1/2	112 1/2
Alitalia 14 1/2% 1983	109 1/2	110 1/2	111 1/2	112 1/2	113 1/2
Alitalia 15 1/2% 1983	110 1/2	111 1/2	112 1/2	113 1/2	114 1/2
Alitalia 16 1/2% 1983	111 1/2	112 1/2	113 1/2	114 1/2	115 1/2
Alitalia 17 1/2% 1983	112 1/2	113 1/2	114 1/2	115 1/2	116 1/2
Alitalia 18 1/2% 1983	113 1/2	114 1/2	115 1/2	116 1/2	117 1/2
Alitalia 19 1/2% 1983	114 1/2	115 1/2	116 1/2	117 1/2	118 1/2
Alitalia 20 1/2% 1983	115 1/2	116 1/2	117 1/2	118 1/2	119 1/2
Alitalia 21 1/2% 1983	116 1/2	117 1/2	118 1/2	119 1/2	120 1/2
Alitalia 22 1/2% 1983	117 1/2	118 1/2	119 1/2	120 1/2	121 1/2
Alitalia 23 1/2% 1983	118 1/2	119 1/2	120 1/2	121 1/2	122 1/2
Alitalia 24 1/2% 1983	119 1/2	120 1/2	121 1/2	122 1/2	123 1/2
Alitalia 25 1/2% 1983	120 1/2	121 1/2	122 1/2	123 1/2	124 1/2
Alitalia 26 1/2% 1983	121 1/2	122 1/2	123 1/2	124 1/2	125 1/2
Alitalia 27 1/2% 1983	122 1/2	123 1/2	124 1/2	125 1/2	126 1/2
Alitalia 28 1/2% 1983	123 1/2	124 1/2	125 1/2	126 1/2	127 1/2
Alitalia 29 1/2% 1983	124 1/2	125 1/2	126 1/2	127 1/2	128 1/2
Alitalia 30 1/2% 1983	125 1/2	126 1/2	127 1/2	128 1/2	129 1/2
Alitalia 31 1/2% 1983	126 1/2	127 1/2	128 1/2	129 1/2	130 1/2
Alitalia 32 1/2% 1983	127 1/2	128 1/2	129 1/2	130 1/2	131 1/2
Alitalia 33 1/2% 1983	128 1/2	129 1/2	130 1/2	131 1/2	132 1/2
Alitalia 34 1/2% 1983	129 1/2	130 1/2	131 1/2	132 1/2	133 1/2
Alitalia 35 1/2% 1983	130 1/2	131 1/2	132 1/2	133 1/2	134 1/2
Alitalia 36 1/2% 1983	131 1/2	132 1/2	133 1/2	134 1/2	135 1/2
Alitalia 37 1/2% 1983	132 1/2	133 1/2	134 1/2	135 1/2	136 1/2
Alitalia 38 1/2% 1983	133 1/2	134 1/2	135 1/2	136 1/2	137 1/2
Alitalia 39 1/2% 1983	134 1/2	135 1/2	136 1/2	137 1/2	138 1/2
Alitalia 40 1/2% 1983	135 1/2	136 1/2	137 1/2	138 1/2	139 1/2
Alitalia 41 1/2% 1983	136 1/2	137 1/2	138 1/2	139 1/2	140 1/2
Alitalia 42 1/2% 1983	137 1/2	138 1/2	139 1/2	140 1/2	141 1/2
Alitalia 43 1/2% 1983	138 1/2	139 1/2	140 1/2	141 1/2	142 1/2
Alitalia 44 1/2% 1983	139 1/2	140 1/2	141 1/2	142 1/2	143 1/2
Alitalia 45 1/2% 1983	140 1/2	141 1/2	142 1/2	143 1/2	144 1/2
Alitalia 46 1/2% 1983	141 1/2	142 1/2	143 1/2	144 1/2	145 1/2
Alitalia 47 1/2% 1983	142 1/2	143 1/2	144 1/2	145 1/2	146 1/2
Alitalia 48 1/2% 1983	143 1/2	144 1/2	145 1/2	146 1/2	147 1/2
Alitalia 49 1/2% 1983	144 1/2	145 1/2	146 1/2	147 1/2	148 1/2
Alitalia 50 1/2% 1983	145 1/2	146 1/2	147 1/2	148 1/2	149 1/2
Alitalia 51 1/2% 1983	146 1/2	147 1/2	148 1/2	149 1/2	150 1/2
Alitalia 52 1/2% 1983	147 1/2	148 1/2	149 1/2	150 1/2	151 1/2
Alitalia 53 1/2% 1983	148 1/2	149 1/2	150 1/2	151 1/2	152 1/2
Alitalia 54 1/2% 1983	149 1/2	150 1/2	151 1/2	152 1/2	153 1/2
Alitalia 55 1/2% 1983	150 1/2	151 1/2	152 1/2	153 1/2	154 1/2
Alitalia 56 1/2% 1983	151 1/2	152 1/2	153 1/2	154 1/2	155 1/2
Alitalia 57 1/2% 1983	152 1/2	153 1/2	154 1/2	155 1/2	156 1/2
Alitalia 58 1/2% 1983	153 1/2	154 1/2	155 1/2	156 1/2	157 1/2
Alitalia 59 1/2% 1983	154 1/2	155 1/2	156 1/2	157 1/2	158 1/2
Alitalia 60 1/2% 1983	155 1/2	156 1/2	157 1/2	158 1/2	159 1/2
Alitalia 61 1/2% 1983	156 1/2	157 1/2	158 1/2	159 1/2	160 1/2
Alitalia 62 1/2% 1983	157 1/2	158 1/2	159 1/2	160 1/2	161 1/2
Alitalia 63 1/2% 1983	158 1/2	159 1/2	160 1/2	161 1/2	162 1/2
Alitalia 64 1/2% 1983	159 1/2	160 1/2	161 1/2	162 1/2	163 1/2
Alitalia 65 1/2% 1983	160 1/2	161 1/2	162 1/2	163 1/2	164 1/2
Alitalia 66 1/2% 1983	161 1/2	162 1/2	163 1/2	164 1/2	165 1/2
Alitalia 67 1/2% 1983	162 1/2	163 1/2	164 1/2	165 1/2	166 1/2
Alitalia 68 1/2% 1983	163 1/2	164 1/2	165 1/2	166 1/2	167 1/2
Alitalia 69 1/2% 1983	164 1/2	165 1/2	166 1/2	167 1/2	168 1/2
Alitalia 70 1/2% 1983	165 1/2	166 1/2	167 1/2	168 1/2	169 1/2
Alitalia 71 1/2% 1983	166 1/2	167 1/2	168 1/2	169 1/2	170 1/2
Alitalia 72 1/2% 1983	167 1/2	168 1/2	169 1/2	170 1/2	171 1/2
Alitalia 73 1/2% 1983	168 1/2	169 1/2	170 1/2	171 1/2	172 1/2
Alitalia 74 1/2% 1983	169 1/2	170 1/2	171 1/2	172 1/2	173 1/2
Alitalia 75 1/2% 1983	170 1/2	171 1/2	172 1/2	173 1/2	174 1/2
Alitalia 76 1/2% 1983	171 1/2	172 1/2	173 1/2	174 1/2	175 1/2
Alitalia 77 1/2% 1983	172 1/2	173 1/2	174 1/2	175 1/2	176 1/2
Alitalia 78 1/2% 1983	173 1/2	174 1/2	175 1/2	176 1/2	177 1/2
Alitalia 79 1/2% 1983	174 1/2	175 1/2	176 1/2	177 1/2	178 1/2
Alitalia 80 1/2% 1983	175 1/2	176 1/2	177 1/2	178 1/2	179 1/2
Alitalia 81 1/2% 1983	176 1/2	177 1/2	178 1/2	179 1/2	180 1/2
Alitalia 82 1/2% 1983	177 1/2	178 1/2	179 1/2	180 1/2	181 1/2
Alitalia 83 1/2% 1983	178 1/2	179 1/2	180 1/2	181 1/2	182 1/2
Alitalia 84 1/2% 1983	179 1/2	180 1/2	181 1/2	182 1/2	183 1/2
Alitalia 85 1/2% 1983	180 1/2	181 1/2	182 1/2	183 1/2	184 1/2
Alitalia 86 1/2% 1983	181 1/2	182 1/2	183 1/2	184 1/2	185 1/2
Alitalia 87 1/2% 1983	182 1/2	183 1/2	184 1/2	185 1/2	186 1/2
Alitalia 88 1/2% 1983	183 1/2	184 1/2	185 1/2	186 1/2	187 1/2
Alitalia 89 1/2% 1983	184 1/2	185 1/2	186 1/2	187 1/2	188 1/2
Alitalia 90 1/2% 1983	185 1/2	186 1/2	187 1/2	188 1/2	189 1/2
Alitalia 91 1/2% 1983	186 1/2	187 1/2	188 1/2	189 1/2	190 1/2
Alitalia 92 1/2% 1983	187 1/2	188 1/2	189 1/2	190 1/2	191 1/2
Alitalia 93 1/2% 1983	188 1/2	189 1/2	190 1/2	191 1/2	192 1/2
Alitalia 94 1/2% 1983	189 1/2	190 1/2	191 1/2	192 1/2	193 1/2
Alitalia 95 1/2% 1983	190 1/2	191 1/2	192 1/2	193 1/2	194 1/2
Alitalia 96 1/2% 1983	191 1/2	192 1/2	193 1/2	194 1/2	195 1/2
Alitalia 97 1/2% 1983	192 1/2	193 1/2	194 1/2	195 1/2	196 1/2
Alitalia 98 1/2% 1983	193 1/2	194 1/2	195 1/2	196 1/2	197 1/2
Alitalia 99 1/2% 1983	194 1/2	195 1/2	196 1/2	197 1/2	198 1/2
Alitalia 100 1/2% 1983	195 1/2	196 1/2	197 1/2	198 1/2	199 1/2

Willing calls in receiver

BY NICHOLAS LESLIE

LOSSES HAVE come to light at Smith Warden and Co., which is well known for its Press Guide and its claim to be the oldest advertising company in the U.K., and have led to the appointment of a Receiver and Manager. Although the losses are described as significant, it appears that the situation is not too serious and the hope is that the executives will resume control in a fairly short space of time.

Mr. D. G. W. Ballard, of chartered accountants Hoag Bullimore Gundry, is the Receiver, and he is seen as having been called in at a stage where there is a good chance of sorting out the problems. He was appointed by a committee of the company's shareholders, which included Mr. W. H. Hobbs, chairman of the company, and Mr. J. W. W. Hobbs, chairman of the company's Board.

Announcing the move yesterday, Mr. W. H. Hobbs said in a statement that the company's assets would be sufficient to meet bank debts and that it was hoped to pay unsecured creditors in full.

The losses relate to the Overmark Smith Warden advertising agency which, because wholly owned early in 1970, it appears that in the two years 1968-69 Overmark acquired three companies (Sells, Partington and

COMPANY NEWS

Carrington Viyella first half profit £2.44m.

FIRST-HALF results of Carrington Viyella, the textile manufacturing subsidiary of ICI, show a 24.37,000, from sales of £77.46m.

No comparative figures are given because of the differing accounting periods of the company and Viyella International before the merger last October. At the annual meeting in May, chairman, Mr. J. A. Levando, said that although sales and margins had improved in the first four months it was difficult to assess whether a satisfactory level of productivity could be maintained for the rest of the year.

The directors now report that the second-half level of trade is likely to show a reasonable increase. Further progress in productivity should be maintained, benefiting effects on productivity and trading results.

Provided there are no adverse external factors they are hopeful that the second half will continue to show an improvement in productivity. However, they point out that competition—rather than voluntary restraint—will probably keep prices stable, which could result in pressure on margins unless there is an adequate expansion of sales and production.

An interim dividend of 3 per cent is declared at a cost of £7,000,000. For 1971 there was an interim of 1 per cent, but no final.

News International's £1.65m. at half way

GROUP pre-tax profits of News International were in excess of £1.65m. for the half year ended June 30, 1971, compared with a corresponding figure of £1.35m. after depreciation of £406,750 (£252,250).

For 1970, the group pre-tax profit was £2,835,000, and the total dividend 37½ per cent.

A maintained interim dividend of 18½ per cent, has already been declared for 1971.

Chairman Mr. K. R. Murdoch states that rising costs continue to be the pattern, and, as an offset to these added expenses, it was found necessary to increase the cover price of The Sun in July.

The major publishing activities are trading profitably, he states, but the manufacturing subsidiaries are still affected by adverse trading conditions.

See Lex

Rank "forms two N. Sea subsidiaries"

The Rank Organisation is understood to have registered two subsidiaries—RO Exploration and Rank (North Sea) to participate in oil and gas exploration in the North Sea.

A spokesman for the company was unable to comment on reports that Rank has joined two companies for this purpose.

Hindson & A. Reid

Printers and stationers, Hindson and Reid, is raising its dividend from equal to 22.73 per cent, to 30 per cent, for the year to June 30, 1971, with a final of 20 per cent.

The Board reports a record year with pre-tax profits up by 39 per cent, to £1,470,000, turnover by 22 per cent, to £1,581,000 and earnings per 20p share up from 9p to 12.5p.

Courtney Pope tops forecast

A FINAL dividend of 13.75 per cent, by Courtney Pope (Holdings) makes a total of 20 per cent, for the year to May 31, 1971. This compares with a forecast of not less than 17½ per cent, and with a total equal to 16.7 per cent, for the previous year.

Preliminary figures indicate that pre-tax profits for the year will reach a record £300,000, compared with £273,380 for 1968-70 which was struck after £25,000 payments to a former director on cessation of service contract.

The company is engaged in shopfitting contracting.

W. J. Reynolds loss £48,096

W. J. Reynolds Holdings reports a reduced net loss of £48,096, against £186,537 for 1970. The directors have resolved that no Preference dividend for the half year to September 30, 1971, will be payable.

The loss is struck after a tax charge of £76 (nil).

Extraordinary items charged to profit and loss account amounted to £26,625 (£161,440) being a loss arising on sale of assets in a subsidiary £26,625 (£161,440), provision for obsolete stocks £26,625 (£161,440) and written off patents and research and development expenditure nil (£26,601).

Items of £28,863 (£32,790) added to reserves, comprising surplus arising on revaluation of properties £24,113 (£35,865), additional surplus on sale of pharmaceutical assets £4,102 (nil), profit on sale of freehold properties £448 (nil) and surplus on revaluation of royalty agreement nil (£47,125).

6% by Flag Investment

As forecast, directors of Flag Investment are maintaining the dividend at 6 per cent, for the year to March 31, 1971. In 1969-70 the dividend was paid as a 3 per cent interim and a similar final.

During the current year the Board intends to revert to the practice of paying an interim as well as a final dividend and envisages that total dividends for the year will be at least maintained on capital increased by the February rights issue.

Pre-tax profits for the year amounted to £55,516 against £65,736 after being £1,000 (£23,000) at half way.

After

This Advertisement is issued in compliance with the Regulations of the Councils of The Stock Exchange, London and The Scottish Stock Exchange, for the purpose of giving information to the Public with regard to the Company, and is not an invitation to any person to subscribe for or purchase any securities of the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information given and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement in this Advertisement misleading. Application has been made to the Councils of The Stock Exchange, London and The Scottish Stock Exchange for permission to deal in and for quotation for the whole of the issued share capital of the Company.

CARRON COMPANY (HOLDINGS) LIMITED

(Incorporated under the Companies Act 1948)

Authorised:
£2,000,000

SHARE CAPITAL
in 8,000,000 Ordinary Shares of 25p each

Issued and fully paid:
£1,050,000

At 12th August, 1971, the Company and its subsidiaries had outstanding bank overdrafts amounting to £135,043. Save as aforesaid, neither the Company nor any of its subsidiaries has outstanding any loan capital, bank overdrafts or other similar indebtedness, mortgages, charges, hire purchase commitments or guarantees or contingent liabilities of material amount.

Subject to the grant of quotation for the whole of the issued capital, the shares of the Company will qualify as wider-range investments for the purposes of the Trustee Investments Act 1961.

This Advertisement is published in connection with an Introduction sponsored by

J. & A. SCRIMGEOUR LIMITED
and
BELL, LAWRIE, ROBERTSON & CO.

DIRECTORS

CHARLES HENRY BURDER, M.B.E., 29, St. John's Wood Terrace, London, N.W.8 (Chairman).
HENRY CARLILE WILSON BENNETTS, O.L., Biddulph Farm, Chesham, Surrey (Joint Vice-Chairman and Managing Director, Chairman of Carron Company).
COLIN STRATHAIRN ROPNER STROYAN, T.D., 15, Garmkeppas Road, Edinburgh, 4 (Writer to the Signet) (Joint Vice-Chairman).
ARCHIBALD ALEXANDER HILTON BROWN, M.B., Ch.B., O.M.R.O., "Elystan", Chapel Lane, Ravenhead, Nottinghamshire (Consultant Radiologist).
COLIN SIMON COLELL, C.B.E., O.L., A.M.I.E.E., Whitnield Bree, Cottingham Gardens, Edinburgh, 12 (Air Commodore, Retd.) (Director, The Royal Bank of Scotland Limited).
J.D.H. LAMBIE, A.I.M., 7, Major's Place, Falkirk, Stirlingshire (Managing Director, Carron Company).
ROLF EDWIN HANCIER, B.Sc., A.R.T.C., L.L.M., 7, Kellyburn Park, Dollar, Clackmannanshire (Deputy Managing Director, Carron Company).

BANKERS

THE BANK OF ENGLAND, Threadneedle Street, London EC2R 8AH.
THE ROYAL BANK OF SCOTLAND LIMITED, 42, St. Andrew Square, Edinburgh, EH2 2YB.

BROKERS

J. & A. SCRIMGEOUR LIMITED, Mansion House Place, London, EC4N 8BL and The Stock Exchange, London.
BELL, LAWRIE, ROBERTSON & CO., P.O. Box No. 3, 22, St. Andrew Square, Edinburgh, EH2 1YH and The Scottish Stock Exchange.

SOLICITORS

To the Company: BRODIE CUTHBERTSON & WATSON, W.S. 7, Rotheray Terrace, Edinburgh EH2 7JD.
To the introduction: LINKLATER & PAINES, Barrington House, 58/67, Gresham Street, London, EC2V 7SA.

AUDITORS

WHINNEY MURRAY & CO., Chartered Accountants, 175, West George Street, Glasgow, C.2.

SECRETARY AND REGISTERED OFFICE

NORMAN SMITH, W.S., Carron, Falkirk, Stirlingshire.

REGISTRAR AND TRANSFER OFFICE

THE ROYAL BANK OF SCOTLAND LIMITED, 36, St. Andrew Square, Edinburgh, EH2 2YB.

HISTORY

Carron Company (Holdings) Limited ("the Company") was incorporated in Scotland as a public company on 11th August, 1966 for the purpose of acquiring the whole of the issued capital of Carron Company ("Carron"), the principal place of business of which was and remains at Carron in the County of Stirling, Scotland.

Carron, the main operating subsidiary, began in 1759 as a partnership formed to engage in the "art or business of smelting iron-ore and iron-stone and casting same into pig" for the purpose of producing various kinds of castings. The business was incorporated in 1773 by Royal Charter granted by His Majesty George III and administratively modernised in 1922 by a Supplementary Royal Charter from His Majesty Queen Elizabeth II.

In order to secure mineral rights and to provide for expansion of the works for housing, Carron acquired extensive property interests. The coal mines are nationalised in 1947 and the bulk of the other surplus property was disposed of in 1955.

The erection of the Carron ironworks marked the beginning of the industrial revolution in Scotland and in its early years Carron manufactured a great variety of goods in iron including cannon, of which the most notable was the ironclad gun used at the Battle of Trafalgar and in the Peninsular War.

Mr. H. C. Wilson Bennetts and Mr. C. S. R. Sroyan, are entitled to share annually amongst them 2% per cent. of the consolidated net trading profit of the Company after certain deductions as therein provided including the deduction of the gross dividend paid on the Ordinary Shares of the Company.

Carron has about 1,400 employees many of whom are members of families with a long tradition of service to successive generations. In the last five years 50 employees have each completed 50 years' service and there is, at present, one employee of 50 years' service who, together with his father and grandfather, have amongst them served Carron for 168 years. Good relations are enjoyed with the several trade unions which represent the employees and with the local trade union representatives. In recent years there have been very few stoppages due to strikes, and such stoppages that have occurred have been of short duration. There are pension schemes for the staff and employees.

Carron was among the first, in about 1860, to make cast iron baths and to reduce the vitreous enamelling process for this type of product. Carron also ran its own fleet of ships to carry goods to London to its own wharf next to the Tower of London, which, together with warehouse premises, still in Carron's possession and is referred to under "Properties" below. The shipping interests were disposed of in 1947 when they were merged with three other shipping companies.

Until the end of 1969 the engineering products manufactured by Carron ranged from a range of heavy duty catering equipment and solid fuel appliances, as products have been, substantially discontinued and this section of the business is now concentrated on the development and production of gas and electric cookers.

Carron has paid a dividend continuously since 1877. It has never issued preference shares, loan stock or preference shares nor, since incorporation, has it done any ordinary share issue for cash.

There is now only one other operating subsidiary, Carron Hume Limited, a principal constituent of the business has been in dealing in property closed in the Auditors' Report. Further details of this subsidiary are shown in "Properties" below.

BUSINESS

1 year ago the business of Carron was concerned mainly with the manufacture of a comprehensive range of cast iron baths and a wide variety of other castings and engineering products. Production has since been extended to include baths, basins and sinks made of pressed steel and plastic, and stainless steel sinks. A wide range of components continues to be produced for the lifting trade. In recent years the manufacture of gas and electric cookers has expanded.

his expansion was financed from internal resources and entailed expenditure, during the last three years, of £3,200,000 on new plant and factory premises at Carron and Kilsyth.

he relative turnover proportions of the business for the last three years, as follows:—

	1968	1969	1970
Percent	Percent	Percent	Percent
Manufacture of:—			
Fixed domestic equipment comprising bath tubs, basins and sinks of various materials, and cast iron pipes and fittings	78.62	77.69	81.36
Specialised engineering products for the Post Office and public authorities	5.45	3.44	6.85
Other engineering products	15.93	12.71	3.86
Gas and electric cookers	—	3.41	6.14
Hydraulic transmissions	—	2.75	1.79
he aggregate value of exports in respect of each of these years was	£151,287	£150,212	£216,301

Carron is the only manufacturer of bath tubs in the United Kingdom to employ both steel and plastic in addition to cast iron. The bath tub foundries a modern flexible method of production which enables them to manufacture a wide range of patterns, whilst steel bath tubs, enamelled steel sinks (wash basins) and stainless steel sinks have been produced in large automated plants in a leading United Kingdom manufacturer of stainless steel sinks, a turn started in 1965 using a revolutionary production process. Plastic baths (other plastic products for the bathroom are made in a separate but adjacent modern factory. Cast iron pipe and fittings for the building trade are a traditional manufacture.

ubstantial orders have, for many decades, been executed for the Post Office manufacture telephone blocks, pillar-boxes and a range of other goods. Gas and electric cookers are manufactured under the trade names "Cordon u" and "Capric" respectively and are both in the luxury class. Other kitchen appliances are in the course of development.

he whole of these manufactures are carried out in the factories, foundries and workshops described under "Properties" below.

he normal outlet to the building industry, which accounts for the largest portion of turnover, is in bulk through builders' merchants and Carron does seek to sell direct to the building trade or to the public.

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he whole of these manufactures are carried out in the factories, foundries and workshops described under "Properties" below.

C. Eng., A.M.I.Mech.E., is 41 years of age, has been with Carron 7 years and is responsible for the Hydraulic division. Mr. B. T. Smith, B.A., is 47 years of age, has been with Carron 4 years and is Sales Director. Mr. Norman Smith, W.S., the Secretary is aged 57 years and has been with Carron 8 years. Mr. J. V. Cadell is 31 years of age, has been with Carron 9 years and has responsibilities for transport, distribution, exports, and personnel.

The Chief Accountant is Mr. Ian Bolton, C.A., aged 36 years, with 4 years' service.

Details of the contracts relating to the services of Mr. H. C. Wilson Bennetts are referred to in "General Information" below. There are no other Service Contracts between any Director and the Company or any of its subsidiaries.

Under a profit sharing scheme revised by Regulation of the Directors of the Company passed on 20th August, 1971 the Directors of Carron, other than Mr. H. C. Wilson Bennetts and Mr. C. S. R. Sroyan, are entitled to share annually amongst them 2% per cent. of the consolidated net trading profit of the Company after certain deductions as therein provided including the deduction of the gross dividend paid on the Ordinary Shares of the Company.

Carron has about 1,400 employees many of whom are members of families with a long tradition of service to successive generations. In the last five years 50 employees have each completed 50 years' service and there is, at present, one employee of 50 years' service who, together with his father and grandfather, have amongst them served Carron for 168 years. Good relations are enjoyed with the several trade unions which represent the employees and with the local trade union representatives. In recent years there have been very few stoppages due to strikes, and such stoppages that have occurred have been of short duration. There are pension schemes for the staff and employees.

Carron owns heritable properties at Stenhouse Road, Carron comprising Head Office, both foundry, enamelling shop and factories occupied by the Pressed Steel and Appliances divisions, Stainless Steel division and Plastics division, extending to approximately 529,000 sq. ft. and nearby at Carron Road, Falkirk a foundry and engineering works covering approximately 395,000 sq. ft. This site also comprises over 300 acres and, after taking into account existing buildings and anticipated needs for expansion, there remain 188 acres of undeveloped land available for disposal at a suitable opportunity.

Carron also owns the freehold title to a site of approximately 28,000 sq. ft., with wharf and warehouse premises, at St. Katherine's Way, London, E.1. This site is ripe for development, subject to planning permission.

Carron leases a factory of approximately 28,000 sq. ft. at Mitchellston, Kilsyth, Fife, at a rent of £5,950 per annum until 31st December, 1983, in which the Hydraulic division is located, a warehouse and office of 21,372 sq. ft. in Hemmick Road, London, E.3, at a rent of £5,000 per annum until 29th October, 1982 and an office of approximately 880 sq. ft. at 3, Tilney Street, London, W.1, at a rent of £2,250 per annum until 31st December, 1971.

Carron is lessee of a factory, now unoccupied, in Grove Road, Portlough, Yorkshire formerly occupied by the Hydraulic division but it is hoped to dispose of this lease, which expires on 26th September, 2008. The rent is £5,219 per annum subject to reviews in 1980 and 1994.

Under the Scottish system of land tenure, Carron receives payment each year of approximately £20 fee-duties (analogous to ground rents in England) which after deducting similar payments Carron has to make in turn, produces an income of £4,364 per annum.

Additionally Carron owns various heritable properties in other parts of Scotland comprising land, with an area of 658 acres which are not required for the purposes of the business. Of this land approximately 500 acres are leased for grazing or for the exploitation of whinstone rock and other surface minerals and waste material from the former mines.

The sole remaining interests of Carron Hume Limited are the ownership of a factory (10,000 sq. ft.) in Falkirk from which a rent of £3,500 per annum is received and 5 acres of land (adjacent to the 188 acres referred to above as available for disposal).

During the early 1960's the Directors embarked on a reorganisation of the structure of the business, which included the installation of plant and the introduction of up to date financial control systems. The success of this reorganisation has been reflected in the profit trend. A temporary setback in 1969 arose from severe price cutting in the bath tubs but profit margins were restored during 1970. Turnover in the first six months of 1971 has shown an increase of 42 per cent. over the corresponding period of 1970. The indications are that this trend will be maintained, it has been accompanied by greater efficiency in all sections of the business and consequently profitability has substantially improved.

The Directors estimate that, in the absence of unforeseen circumstances, the consolidated net profit before tax for the year ending 31st December, 1971, should not be less than £900,000, compared with £435,610 for the year ended 31st December, 1970.

The market is buoyant for Carron's goods, about 80 per cent. of which are for use in dwelling houses, both newly built and being converted or improved. Housing starts and home improvement grants, as shown in "Housing Statistics for Great Britain" published by H.M. Stationery Office, increased to 131,600 and 84,700 respectively in the first five months of 1971, from 120,900 and 68,300 respectively in the comparable 1970 period. The upward trend in housing starts appears to be continuing, particularly in the private sector. The Government announced in June, 1971 that it was intended immediately to raise from 50 per cent. to 75 per cent. the amount of grant available towards improvements from local authorities in development and intermediate areas. The Government hoped that this measure would lead to "a massive increase" in the level of home improvements in the future.

On the basis of a profit of £800,000 for the year ending 31st December, 1971, it would be the intention of the Directors that this amount be appropriated as follows:—

	£	£
Estimated profit before taxation	800,000	
Less: Corporation Tax at 40 per cent.	320,000	
Earnings available for Ordinary Shareholders	480,000	
Dividends		
Interim dividend of 1D per cent. payable in or about December, 1971	105,000	
Final dividend of 10 per cent. payable in or about June, 1972	105,000	
Retentions		270,000

Earnings per share would be 11.43p, covering 2.28 times a dividend of 5p (20%).

The Directors, Carron Company (Holdings) Limited, 20th August, 1971.

We have examined the audited accounts of Carron Company (Holdings) Limited from the date of its incorporation, and of Carron Company and its subsidiary companies (the Group), for the years ended 31st December, 1970, 1969 and 1968 and have found them to be in accordance with the true and correct state of affairs of the Group for those years.

We have also examined the audited accounts of Carron Company (Holdings) Limited from the date of its incorporation, and of Carron Company and its subsidiary companies (the Group), for the years ended 31st December, 1970, 1969 and 1968 and have found them to be in accordance with the true and correct state of affairs of the Group for those years.

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We report as follows:—

1. Turnover and Profits
The turnover and profits (losses) arrived at on the basis set out below were as follows:—

Year ended	Turnover	Depreciation	Profit (losses) before taxation
31st December	(1)	(2)	(3)
1961	3,528,788	94,374	(25,524)
1962	3,366,094	87,876	35,561
1963	3,171,653	86,222	128,769
1964	3,415,565	112,734	38,258
1965	3,732,562	112,684	137,314
1966	3,693,321	135,543	118,400
1967	4,128,962	165,678	194,884
1968	4,353,735	195,368	247,981
1969	5,448,816	258,371	40,758
1970	6,067,711	258,371	435,610

Notes:—

(a) Turnover in column (1) represents sales to outside customers and is after making such adjustments as will consider appropriate.

(b) Profits shown in column (3), which are after exclusion of minority interests, are before deducting taxation but after charging all expenses of working including depreciation, as shown in column (2), directors' emoluments, interest, research and development expenditure in the year in which it was incurred, and after making such adjustments as will consider appropriate.

(c) Since 1965 the activities of Carron Hume Limited have included dealing in property. Profits from this activity, attributable to the Group included in the profits shown in column (3), were:—

Year ended 31st December, 1969	£
Year ended 31st December, 1970	77,285

(d) During the years under review the Group has, on certain occasions, incurred stock losses on the closure of product lines. These losses, which were, in the audited accounts of the Group, charged against reserves or were met by transfers from reserves, have not been deducted in arriving at the profit shown in column (3) and were as follows:—

Year ended 31st December	£
1967	176,221
1968	5,279
1969	72,880
1970	128,168

(e) Depreciation charged against profits is as is shown in column (2). No depreciation has been written off certain heritable and freehold property. Depreciation rates on plant and machinery are related to the expected life of the assets.

(f) We are satisfied that the stocks and work in progress of the operating subsidiary companies whose accounts for 1970 have been audited by us have been properly taken and valued at the lower of cost and net realisable value. We have not examined the stock sheets of companies whose accounts we have not audited but, except in one case referred to below, we have obtained confirmation from the auditors of these companies that the stocks and work in progress were properly taken and consistently valued at the lower of cost and net realisable value.

The auditors concerned were:— J. Whinney, Chartered Accountant, Edinburgh
B. Collins, Chartered Accountant, London.

The auditors of Carron Hydraulics Limited, in their report on the accounts of that company for the period ended 31st December, 1968, stated that they had not received sufficient information to satisfy themselves as to the value of the stock and work in progress at 31st December, 1968, 1969 and 1970. The adjusted losses of Carron Hydraulics Limited in 1968, 1969 and 1970, were:—

Period ended	31st December, 1968	£
Year ended 31st December, 1969	22,788	
Year ended 31st December, 1970	270,115	

(g) The aggregate emoluments of the directors of Carron Company (Holdings) Limited for the year ended 31st December, 1970, including sums paid to third parties in respect of services rendered by a director to the Company, were £41,000. Under the arrangements now in force these emoluments would have amounted to £58,500.

2. Net Tangible Assets at 31st December, 1970
The following is a statement of the net tangible assets of the Group after making such adjustments as will consider appropriate:—

Fixed Assets (Note a)	At valuation as determined with subsequent additions at cost less investment grants	Depreciation	£
Freehold and heritable land and buildings	1,185,881	97,623	1,102,928
Heritable properties held by Carron Hume Ltd.	54,501	—	54,500
Short leasehold land and buildings	6,870	2,408	4,263
Plant and equipment	2,191,906	960,668	1,231,237
	<u>£3,442,618</u>	<u>£1,058,291</u>	<u>2,444,318</u>

Current Assets
Stock and work in progress (Note b) 1,890,208

Debtors and pre-payments 1,744,735

Short term loans and deposits 44,000

Bank and cash balances 8,043

Current Liabilities
Creditors and provisions 3,37

ALL

Geest bananas are produced by the Windward Islands

Almost 50% of the total British banana imports are now supplied by The Windward Islands. This amounts to over 175,000 tons per year.

GEEST

who have their own banana estates, have, through working in close co-operation with all the other Growers in the Windward Islands achieved this magnificent production record.

GEEST

transport the total production of Windward Island bananas in their fleet of fast, refrigerated ships operated by The Geest Line.

GEEST

have established a chain of the most modern ripening centres throughout Great Britain where all the bananas are ripened under carefully controlled conditions.

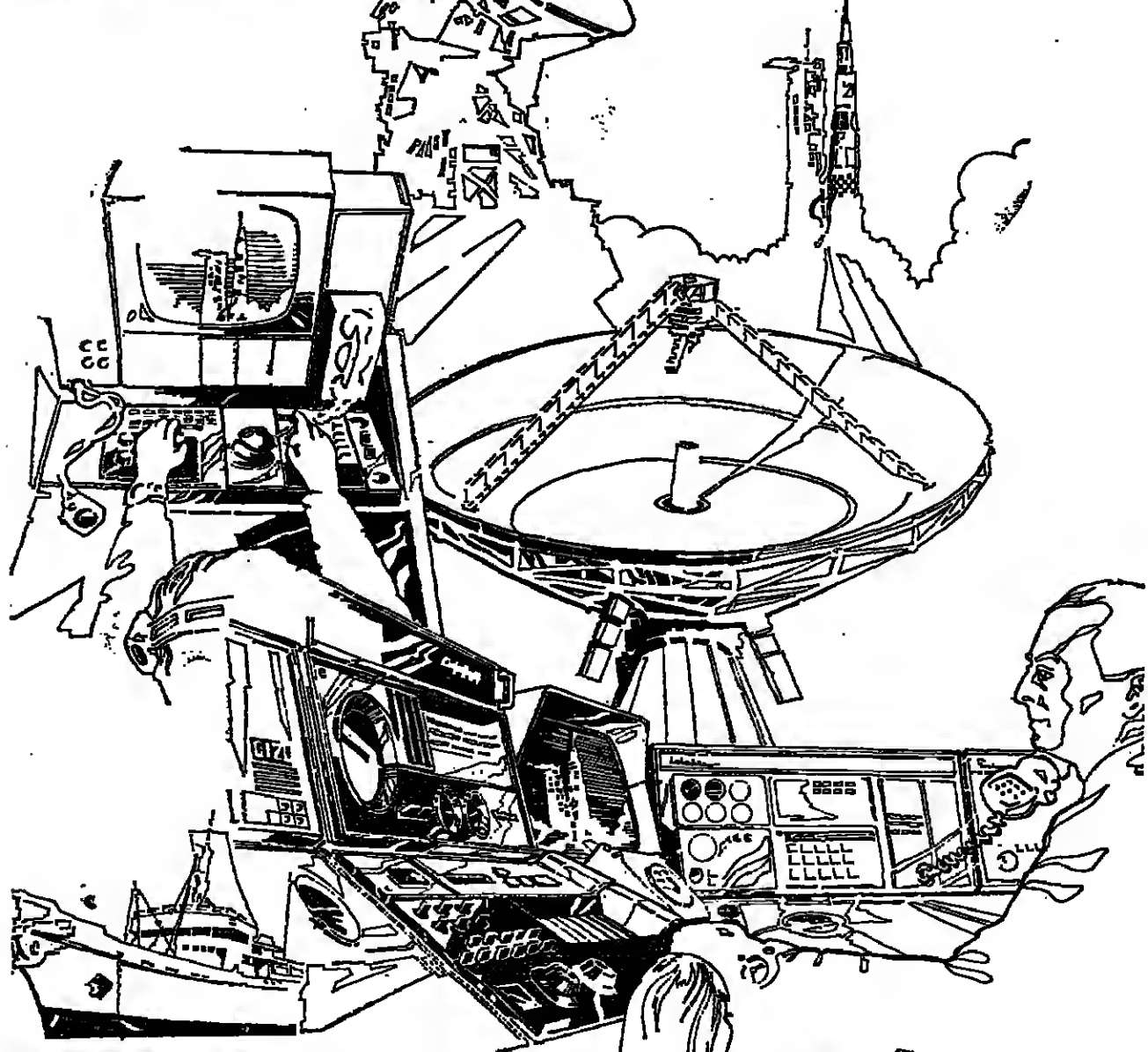
GEEST

have the most efficient banana distribution system in Great Britain.

GEEST INDUSTRIES LTD SPALDING, LINCOLNSHIRE

The largest distributive organisation in the United Kingdom for fresh fruits, vegetables and other horticultural produce.

A small but beautiful world centre.



There are a number of places called Grenada. This one is an island, famous for its natural beauty. It hit the world headlines when one of its citizens, Miss Jennifer Hosten, became Miss World 1970. You can't miss it. Left hand down a bit as you approach the Caribbean.

Among the island's attractions for business men is something not so much plain beautiful as beautifully plain—the communications services offered by Cable and Wireless. International telephone, telegraph and telex. None of it will increase your pulse rate—but it could very well help to increase your business rating.

It's just one more facet in our reliable world-wide communications service. Loyal. Efficient. Comprehensive. In every climate. To help make your life easier.

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Telephone: 01-242-4433
Cable and Wireless (W.L.) Ltd.,
Mercury House, The Carenage, St. George's, Grenada.

Grenada

FINANCIAL TIMES SURVEY

This survey was written by DAVID LASCELLES

New investment essential for self-sufficiency

When last year's Black Power riots in Trinidad threatened to spread to Grenada, Premier Eric Gairy went on the radio and reminded the people: "You already have Black Power. Our Governor is black, our Premier is black, our Bishop is black and our people are black." This blunt logic, with the help of a few hired strongmen, spared Grenada from serious trouble. As Mr. Gairy put it later: "When your neighbour's house is on fire, keep wetting your own."

Grenada, with its reputation for turbulence, needs firm leadership, particularly now that its inhabitants are growing increasingly frustrated by their colonial legacy and by the economic obstacles that bar the road to self-sufficiency.

Grenada has a double colonial tradition. The French, who arrived first, left names like Grand Etang and Lance aux Epines and bequeathed the Roman Catholic faith to the majority of the islanders. But it was the British who introduced nutmegs and laid the basis for the spice industry for which Grenada is now famous and on which it largely depends for export earnings.

A surprising amount of brochure verbiage about aromatic cinnamon groves and dusky beauties is true. But the more important truth behind the much flaunted spice isle

image is that agriculture is primitive, insecure and hated as a relic of slavery. Wages are pitifully low, techniques backward, and the prospects for improvement poor while the industry remains dependent on world commodity prices over which Grenada has little influence, particularly in so far as cocoa and bananas are concerned.

The will to disown agriculture has resulted in the flight of labour from the land into the towns in search of respectable work driving taxis, serving the flourishing tourist industry and manning Grenada's few factories.

But this flight has put the Government in a dilemma. As his political record shows, Mr. Gairy cares deeply for the humble worker whose lot he hopes to improve by developing industry and tourism. But despite tireless wooing of investment, progress has been slow. A few hotels and factories have arrived, but Grenada is nowhere near the point where it can reduce its dependence on agriculture.

Land scheme

The chosen solution is to entice the Grenadian back to the bateful land, but in view of the stigma of labourer status, the Government has decided that this can only be done by making every Grenadian a landowner in his own right. So it is pushing through a "land for the landless" scheme under which portions of the large estates are being cut up into smallholdings and offered on generous terms. Needless to say the move has been hotly criticised as uneconomic.

Mr. Gairy has also thought it necessary to resort to political gestures, particularly ones with symbolic value, to compensate for economic sluggishness. With a great flourish two years ago he told Britain that Grenada no longer wanted budgetary aid. Great play is still made of the budgetary independence Grenada achieved as a result of this move, even though it has not dramatically altered the financial scene.

Mileage is also being earned dependence. Mr. Gairy does not intend to achieve this by means of the referendum required



Prime Minister Eric Gairy

under the 1967 West Indies Act, which gave Grenada its associated statehood. Instead, he will make it the major issue in the next elections, due late next year, even though this will be strictly unconstitutional. He claims "Grenadians don't want a referendum." But the fact that he plans to take a short cut has prompted speculation that he senses a weakening in his following—and his contact with mass opinion is constant and close. Certainly, his opponents claim he would not get the necessary two-thirds majority in a referendum.

Gairy keeps his restive island to heel in a number of ways. He has long enjoyed the support of the workers, whom he dazzles with his oratory and whose loyalty he refreshes with regular "meet the people" tours, during which he gives of his charismatic best. He also enjoys exclusive use of the broadcasting service, and when challenged for a right of reply, states simply: "It's a Government service." (He constantly confounds his critics with such remarks.) The local Press, however, can be very hostile.

Major issue

The next gesture is to be independence. Mr. Gairy does not intend to achieve this by means of the referendum required

cool things off. "I use a th to catch a thief," he explains. He has since increased his police force more conventionally. But there is still talk of the so-called "mongoose gang" of thugs estimated by one, albeit, hostile observer to number about 200. Theories differ as to what would happen if it mounted a soap box in St. George's and harangued the Gairy regime.

The Premier earns a certain popularity with his generous economic policies, which come largely of handing out big wage increases. It is on these that Opposition dares most and has successfully attacks. Mr. Gairy took office with a reputation for "squandering" and has displayed lavish tastes since moving into the Premier's residence. His official car is a steel American limousine, and official occasions are usually large sumptuous and successful.

Deep concern

Mr. Gairy is sincere to a degree that is not often realised and his concern for his people is passionate and deep. But it fails to conceal the considerable delight that office gives him and he is not over-endowed with modesty. His office last week was stacked with large framed pictures of Eric Matthew Gairy awaiting distribution, and it would clearly like to be remembered as the man who gave Grenada independence and many other things.

In private conversation he is surprisingly mild and soft spoken. Though nearly 50, he is slight and agile, and enjoys plenty of tennis, a game he allegedly took up to qualify for the elite status that Grenada aristocracy has persisted in refusing him. His average day starts at 7 a.m. and goes on into the night, often ending in the dance club he runs in town. He would be less busy if he were able to delegate more.

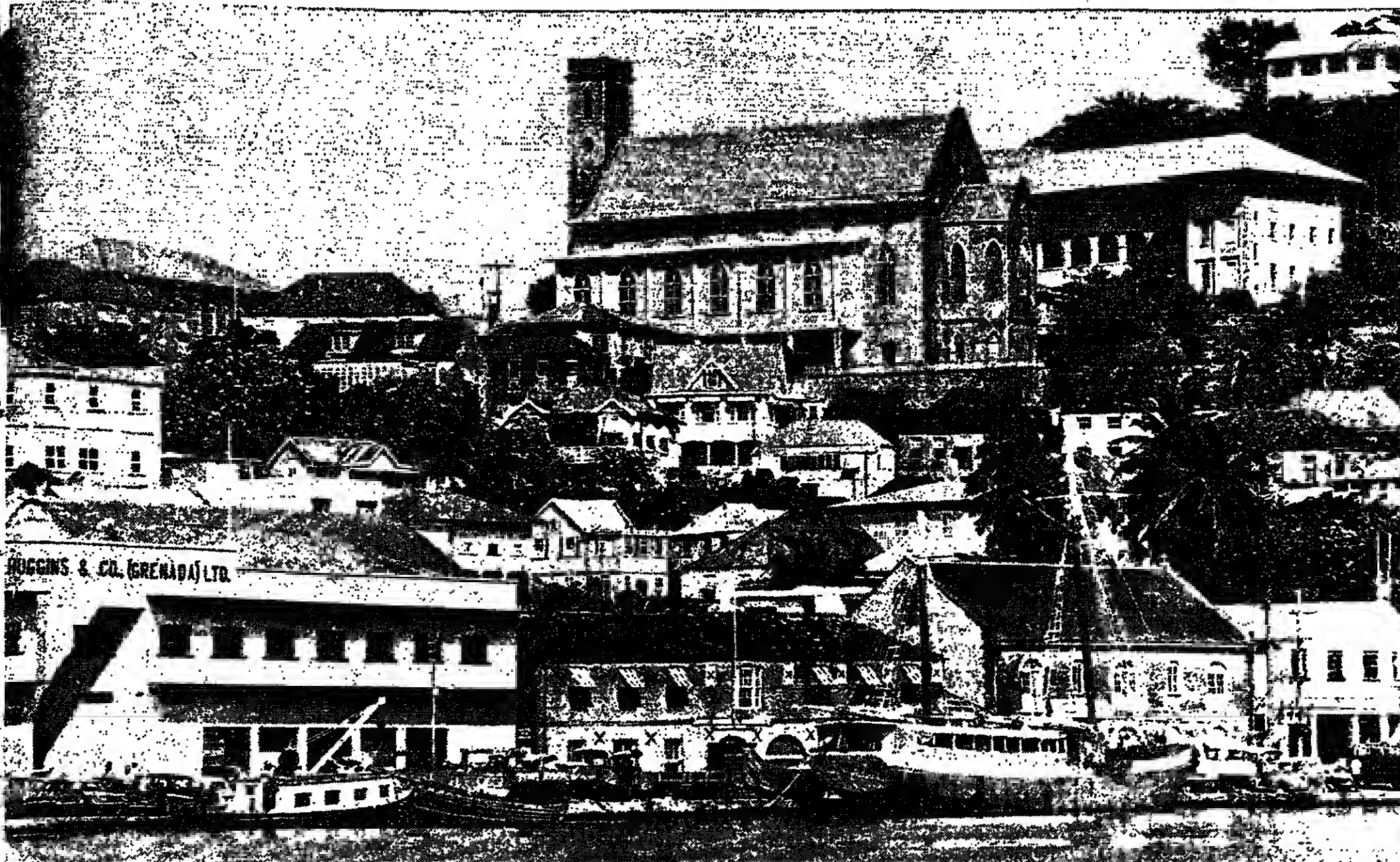
When Mr. Gairy finally takes it will probably be because of neglected economic matters. His temperament is impetuous with them, and politically ignores them because he stands in his way. But trouble brewing on the economic front and he will shortly have crack down if he is to keep island afloat, sacrificing it is hard to assess. During last year's disturbances he hired a This could be his greatest number of alleged criminals to challenge yet.

BASIC STATISTICS

Area	120 square miles
Population	97,000
Trade (1969):	
Imports	£6.8m.
Exports	£3.2m.
Currency: Eastern Caribbean Dollar	
£1 = EC\$4.80	
EC\$1 = 21p	



GRENADA II



The waterfront at St. George's.

Economic independence still some way off

Grenada's economy has a modest growth in the near future. This throws the burden on tourism, which has proved to be the least reliable sector, and exports are limited by the need to import most of the commodities required by the industry. In addition most of the tourist plant in Grenada will be tax exempt for some time.

Political issues

The third and most important reservation is that the Government has a number of political objectives which are getting precedence over pressing economic questions. One of these is self-sufficiency. Like many Commonwealth countries Grenada compared budgetary aid to the dole and resented the right of control it gave Britain over its internal financial affairs. A political issue was made of this two

years ago, with the result that Grenada rejected the aid even though Britain was prepared to continue it until 1971. The effect has not been dramatic since the aid was being phased out anyway (it would have been around £150,000 last year), but the move illustrated Government priorities. As it turned out, Grenada had to finance a deficit of £110,000 from its reserves last year.

A more serious situation is developing round the question of wages. There is considerable inflation in Grenada, much of which can be blamed on imported costs and higher freight charges. But the rate at which Grenadian prices are rising is considerably higher than elsewhere in the eastern Caribbean, and this must be blamed on Government policies.

As a result of its commitment to improve the lot of the bumble Grenadian, the Gairy Government last year gave large pay increases to workers in agriculture and the civil service, where wages have always been poor. Government employees got up to 50 per cent, though in the five-year period since the previous adjustment inflation had been 30 per cent. This rise cost the Government £750,000 in a total budget of £7m. This is double the figure for neighbouring States, where inflation has been more tightly controlled and where increases have averaged 30-35 per cent. Leapfrogging is now expected between the public and private sectors.

The planters have had to absorb the rises as best they can since they are trapped by world commodity prices on one side and by the difficulties of improving productivity and mechanisation on the other. Their profitability, of course, has been seriously impaired.

The boost that these rises gave to inflation is only just being felt, but it is coming at a difficult time. The tourist industry has just been shaken by a poor high season and is having to offer ridiculously low rates to attract visitors during the off-season. Grenada is already an expensive resort, and it is feared that unless stern action is taken it will find itself high and dry.

Popular budget

But stern action is unlikely. The Government has to go to the polls next year and is bound to introduce a popular budget this December.

Mr. Gairy's room for manoeuvre is also circumscribed by the fact that he is both head of Government and leader of the country's largest trade union (for all its incongruity this is not uncommon in the Caribbean).

His ultimate loyalty has yet to be tested, but when asked for the purpose of this survey what he would do if his country's economic difficulties reached the point where a Government-union clash over wages was unavoidable, he said: "I can see both sides of the picture and I would use my judgment. But I would not lend my support to unreasonable demands." This could be a hint that he would forsake the unions, but so far the Gairy Government has never put economic considerations first.

It is also plain that the Government has no economic strategy on inflation control. In an interview the Finance Minister, Mr. George Hosten, stated with disarming frankness: "I don't know what steps we would take now to control wages." Presumably he too is bappy to wait and see.

Mark-up limits

The only measure that has been taken so far to keep prices in check is the imposition of statutory limits on mark-ups. These are very stringent, perhaps excessively so, and employers, like the planters, are unhappy about a situation in which the Government orders them to keep prices down without pledging itself in re-sitting labour costs. The effectiveness of these controls is doubtful. They were introduced many years ago, long before the Gairy Government came to power, and appear to have done little to prevent the present inflationary spiral. They are useless, of course, in checking imported inflation, which is half the problem.

TOURISM STATISTICS

	1961	1967	1968	1969	1970
Visitors	19,712	37,033	49,664	68,745	71,697
Est. earnings (EC\$m.)	1.8	7.1	16.3	23.7	21.4
Beds	260	630	750	1,300	1,600
Cruise ship calls	23	52	77	104	125

Quite what will happen next is open to speculation. The pessimists argue that a recession is not far off, particularly if the American economy on which report, according to Mr. Gairy, Grenada is largely dependent continues its weakening trend, and Britain goes into the EEC depriving Grenada of its lucrative banana market.

But the optimists point out that a number of things could happen before then to set matters right. It is possible that Mr. Gairy may save face by making a discreet approach to Britain for help, probably budgetary aid, though he will be limiting Britain's scope for action if he goes through with his plans for independence. Help could also come from Carifta, which is pledged to support the weaker islands. Or the Gairy Government could even be ousted at the next elections, in which case the opposition party, which represents the planters and businessmen, would certainly take action. And one should not totally rule out the possibility of Mr. Gairy himself cracking down. There are rumours that he plans to take on more trained economists.

Finally, and this is a very long shot on which Gairy clearly pins considerable hopes,

Grenada could discover oil. An American exploration company has completed seismic surveys around the island, and its American economy on which report, according to Mr. Gairy, Grenada is largely dependent continues its weakening trend, and Britain goes into the EEC depriving Grenada of its lucrative banana market.

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GRENADA TELEPHONE SYSTEM EXPANDS

An expansion project costing approximately 3 million dollars is now in progress for the Grenada Telephone Co. Ltd. On completion of this project, service of a high quality will be afforded throughout the state of Grenada and Carriacou.

In keeping with Continental Telephone Corporation's promise to the Government of Grenada to improve and expand the telephone system of the State of Grenada, Continental Telephone Corporation immediately on assuming responsibility for the management of the Company, proceeded with an extensive programme of maintenance and upgrading of the existing telephone plant.

Many more trunk lines between the main telephone exchange at St. George's and exchanges of other districts were provided and amended to meet the C.T.C.'s requirements for transmission levels.

In 1970 an Interim Development Programme was started resulting in a new exchange being built in December 1970 at Morne Rouge. The area around it—Grand Anse, L'Anse aux Epines and Point Saline being completely reached to allow "on demand service" for the next few years. As part of the programme the exchange at Grenville the second largest town, which is in the parish of St. Andrew in which Pearis Airport is situated was this year expanded; and a new trunk route to Sauters is being built with many more trunk circuits.

Included in the 3 million dollar expansion programme, recently approved by the Board of Directors of which The Honourable G. E. H. Clynne, Speaker of the House of Representatives of Grenada is Chairman, are the following:

1. Increase in lines and calling equipment at St. George's Exchange.
2. A new exchange at Westernhill to replace the existing St. Paul's Exchange and to give service to the Westernhill, Lower Woburn, Morne Jalous and Fort Jodelle areas.
3. Provision of an on demand service for overseas calls to any part of the world.
4. A new trunk route with more trunk circuits to Gouyave.
5. Amplification of trunk circuits to Sauters by means of PCM Carrier.
6. Increase in lines at St. David's, Sauters and Gouyave exchanges.
7. An automatic system at Carriacou working into Grenada with a new 3 channel VHF Radio Link.

The Continental Telephone Corporation of the United States of America obtained a management contract to administer the company after it purchased 50 per cent. interest in the Grenada Telephone Company in March 1968. At this time the company had 2,388 telephones. It now has 3,325 telephones, a 40 per cent. growth. It is estimated that by the completion of the planned programme there will be approximately 4,950 telephones.

Telephone plant in service at 31.12.70 was \$2,700,000. It is estimated that this will increase to \$5,200,000.

The Government of Grenada and Continental Telephone Corporation are convinced that a top class telephone service can be a tremendous asset, and will assist in accelerating the development of the State of Grenada.

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Miss Jennifer Hosten, who won the Miss World title in 1970.

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GRENADA III

Agriculture: reliable earnings but labour problems remain

Quite why Grenada's agriculture should be more diversified than its neighbours has never been explained. But the fact is that while most of the Windward Islands produce at most two decent crops, Grenada enjoys three, cocoa, bananas and nutmegs, and has a fair secondary industry in spices, citrus fruit and cotton.

The three make a good combination since world prices for each tend to fluctuate at different times, making Grenada's overall earnings from agriculture fairly reliable. And nutmegs and bananas can be gathered most of the year round, offsetting the sporadic earnings from cocoa, which is harvested round the New Year.

Nutmeg crop

Although Grenada is famous for nutmegs, the crop is second to cocoa in value. Production of nutmegs last year was 3.7m. lbs valued at about £700,000, to which should be added sales of mace, a by-product of nutmegs, which earned about £150,000. Although probably more nutmegs are produced now than ever before, earnings are below the level before the catastrophic drop in nutmeg prices in 1967. But values are recovering slowly, and of the three crops nutmegs are thought to be the most stable. Since Grenada produces about a third of world output, it keeps production in check to avoid any marked increase which would weaken prices.

Grenada grows less than 1 per cent. of world cocoa output. Last year's crop of 8.5m. lbs earned almost £1m., and the general price trend is strong. Many planters are going over to cocoa at the expense of bananas, whose future is less certain. This trend will probably accelerate if Britain joins the

EEC and shuts off Grenada's guaranteed banana market.

Banana production is dropping slowly and earnings are expected to fall below £600,000 this year from the 1968 peak of £745,000. But it happens that of the three crops, bananas are most suitable for mechanisation, and several experiments are in hand to improve packing and handling. The industry is therefore expected to stay alive.

There is a high and unpopular levy on agricultural exports, which despite persistent demands from the planters is unlikely to disappear since it earns the Government over £250,000 a year.

Contrary to world trends, Grenada's agriculture is becoming more fragmented. About 20,000 acres, a third of all agricultural land, is controlled by 13,000 farmers, and there are now only a dozen colonial-style estates of more than 300 acres. The Government is encouraging this trend with its "land for the landless" scheme, under which it is buying up what it claims are the uncultivated portions of large estates, cutting them up into small holdings and selling them off at generous terms to would-be farmers.

While the political and social motives behind this policy may be obvious, such an apparent disregard for agricultural good sense has raised cries of horror from the planters. The Government has countered accusations that it will create an un-economic framework with claims that overall acreage under cultivation will increase, and that given good "co-ordinated activity" it abhors "co-operative" production is bound in rise, albeit after an initial downturn.

The tendency towards small holdings is aided by a fertiliser subsidy scheme under which 30

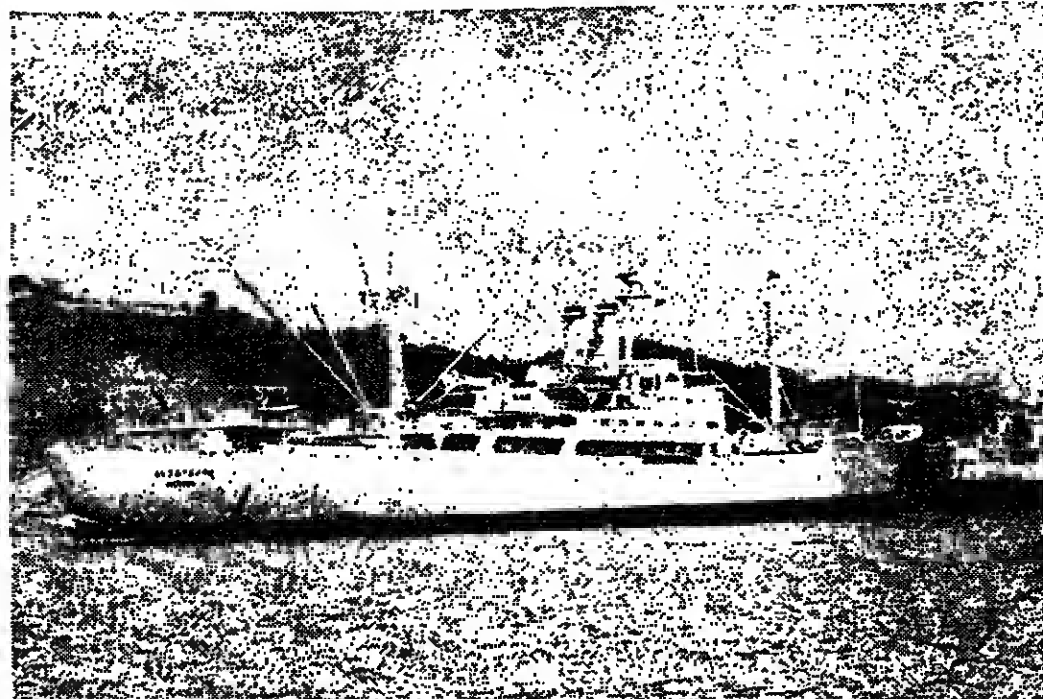
per cent. of cost is given for holdings under ten acres but only 10 per cent. for larger holdings. In defence of the Government it should be pointed out that mass production and mechanisation are neither wholly possible nor necessarily desirable in Grenada because of the nature of its crops, its topography and the need to give thousands of people something to do.

The Government also argues that the scheme will increase market gardening. Certainly Grenada could produce more of its own food, particularly vegetables, which do not require to be grown on a large scale. With the growth of tourism food imports are expected to rise sharply unless some of the demand can be met locally. Recent figures show that this so-called agricultural island spends close on £2m. a year buying food abroad, more than a quarter of its total import bill.

Practically no meat is produced on the island. While cattle rearing is impractical because of the terrain, pigs and poultry should be possible and are under consideration. Fishing is said to be thriving. Landings reached a record £3m. in 1969, and ice-making and cold storage facilities have been installed.

Latest wrangle

Agriculture constantly runs into political squabbles, particularly since the traditional planters (as opposed to the grateful smallholders) oppose Mr. Gairy. The latest row is over control of the growers' associations. It is as complicated as a small island wrangle should be, but its outline is as follows: The associations are statutory bodies formed some time ago with exclusive powers to buy the entire crop they represent.



Geestcape, a Geest Line banana boat, in St. George's harbour.

market it and, after deducting an operation commission, pay producers according to their output. Over the years they have accumulated considerable reserves, the nutmeg people for instance having more than £200,000.

The associations are controlled by planters, hence are anti-Government. The Government has prepared legislation to broaden the base of the associations by making membership compulsory for anyone planting a given crop. This move is bound to strengthen the Government's following in the associations by bringing in the pro-Gairy smallholders. The planters, therefore, see them-

selves threatened and are tain justification for their fears. The present leadership's record is not exactly one of frugality, nor, as the land scheme shows, does it necessarily exhibit good sense. But the planting elite is an inquiry, but the nutmeg not noted for its progressive ideas: estates are still run on primitive lines and the average plantation worker is a sullen individual whose job is a social stigma. A change in the system could well do some good.

Bananas are one of Grenada's three main crops.



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Good framework for industry

Industry is Grenada's jam. It is not the bread and butter and is unlikely to be for some time. The island's bulk earnings come from agriculture and to a growing degree, from tourism, and what industry earns comes as a welcome bonus.

So far, industry has established itself along the usual island lines. An early arrival was a brewery, which is now doing well and planning large-scale expansion. Other activities include a garment factory, a furniture assembly plant, a rum distillery, a coconut products plant, a lime juice extraction plant and a handful of other enterprises. But these activities, though well established, employ a modest section of the population and at a rough estimate only earned £300,000 in exports last year.

Few resources

And despite valiant efforts by the Government to promote the island it held Carifta Expo at great cost in 1969 and has now set up a promotion centre in Rockefeller Plaza, New York, also at great cost: the openings are narrow and enmeshed in knotty regional problems.

In seeking to establish which industries are suited in Grenada one faces the hard fact that there are scarcely any local resources. Labour is not significantly cheaper than elsewhere and industrial skills are not widespread. There have been no studies to determine what the Grenadian market can take, the only guidelines being import substitution. However, the domestic market is so small that no business would contemplate coming in unless it was assured of good export opportunities, and this raises further complex questions.

Regional zoning has still to come about in the Eastern Caribbean. The Caribbean Development Bank has sponsored a study which should appear next year, but its findings are bound to arouse intense political jealousies, and only the most optimistic believe that zoning can be achieved amicably. Meanwhile, industries of the type best suited to small island economies offering few resources (light manufacturing and assembly) have already become well established in the bigger islands and have brought production to the point where costs can be trimmed. It is therefore thought un-economic to establish similar industries in the smaller islands, where costs are bound to be high and local demand low, and where extra freight charges will blunt the competitive edge.

So an island like Grenada is caught in a vicious circle which can only be broken by action on a regional scale, entailing some kind of sacrifice by the larger islands. And this is what Carifta is trying to do.

The organisation, which recognises that the freeing of trade has benefited the more developed countries (MDC) at the expense of the less developed countries (LDC) has made special provision to help its weaker members. LDC's for instance may take up to 10 years to phase out tariffs on a reserve list of goods, while the MDC's only get five. LDC's may also, when establishing an industry already in existence in an MDC, ask for special tariffs to protect that industry. But bitter complaints can be heard in Grenada that these provisions only apply when an industry already exists and do not help exports. It is also claimed that they do not bring industry in and that the long-term protection they offer is no comfort when an immediate stimulus is needed.

Common tariff

When Carifta shortly adopts a common external tariff, Grenada's products should benefit from their new protected status, although it has been pointed out that freight rates will continue to discriminate against smaller islands. In a new departure the Windward Islands recently got together with a Venezuelan concern to build a plant to make banana packages in St. Lucia. This initiative is interpreted as an encouraging sign. Another welcome move is the Development Bank's decision to give preference to LDC.

Grenada's small but active circle of businessmen claims realistically that industry must grow out of agriculture since this is the basis of the island's economy and the only local source of raw material. Food processing, both for the local market (which imports an inordinate amount of food for an agricultural island) and for export, is therefore suggested for investment. So are more downstream activities in the meat industry, particularly if Grenada gets going with pigs, which are best suited to the island's rugged terrain.

In view of cocoa production, a chocolate industry has often been proposed, but the general feeling is that volume is too small to support a factory, up the cause of a sacked employee, he has also been particularly since certain African cocoa strains would have to be imported to create internationally accepted flavours. In a different field it is also felt that scope exists for a very instant.

mortgage finance company. The present facilities have difficulty serving the growing demand for homes, particularly since the Government builds scarcely any. According to one estimate \$2m. could be placed without much trouble.

Grenada possesses a reasonable framework for industry. The island has electricity and an extensive and adequately maintained road network. Despite massive rainfalls there is a constant shortage of water, but this should soon be remedied when a Canadian-sponsored improvement project is completed. Telecommunications abroad are reasonable, thanks to an efficient little cable and wireless office, and the domestic telephone service is better than many.

Air links exist only with the neighbouring islands and are erratically maintained by LIAT, which gets hopelessly overloaded during peak periods. There is, however, a move to establish Grenada's own airline. St. George's is well served by ships, though transshipment from large Caribbean ports has to be resorted to with inevitable delays. The harbour has two deep water berths and 20,000 square feet of warehousing.

Company taxation is 42 per cent. and is creeping up. The Government also tends to stick on little taxes here and there to bolster its modest budget. And since there is no social security most businesses feel under a moral obligation to arrange pension and medical schemes for their employees.

Tax incentives

Grenada's leadership is far from anti-capitalist as is often supposed. It earnestly seeks investment and offers considerable tax incentives to business. But the style of leadership is very personal, and businesses setting up in Grenada should be prepared to deal with people who proceed by instinct rather than by established business precepts. Furthermore, as has been noted elsewhere in this survey, political considerations tend to come before economic ones.

The fact, too, that the Premier is head of the island's principal trade union makes labour a touchy matter, and complaints of interference from above are sometimes heard. But Mr. Gairy is able to exert his influence both ways. While he may take up the cause of a sacked employee, he has also been known to issue strikers with stern warnings of the doom that awaits them and the island if they do not return to work that

GRENADA INVESTMENT AND MARKETING

McIntyre Brothers Ltd. have successfully handled FORD in Grenada since 1922! A mark alone which establishes the company's impressive length of experience in the Grenada market, and to the point today where we believe that we can justly claim to be the strongest and most forceful marketer of automotive and associated products. Among our other international clients are names like SHELL, FIRESTONE and LISTER... and to which we have now added MAZDA cars.

But McIntyre's are an expansionist company, and we are seeking to broaden the scope of our Grenada involvement. If, after reading this survey you believe your product, service or investment proposal can do well in Grenada, then we would indeed welcome the opportunity of discussing a possible and profitable association with you. So why not drop a line now to Charles McIntyre?

McINTYRE BROTHERS LTD.

PO Box 70 St. George's
GRENADA W.I.

CALABASH

GRENADA, WEST INDIES

Set amidst tropical gardens in a coconut grove with its own private beach, Calabash aims to offer its guests a peaceful and relaxing holiday in an informal atmosphere. Calabash can accommodate forty guests, in cottage suites, each suite comprising one double bedroom, bathroom, sitting room and veranda. Situated in a sheltered bay, the sea is very calm and ideal for swimming and sailing in our "sunbath" sailing boats. We have a billiard room with a full sized billiard table and a tennis court for the more active. Calabash, reputed to be one of the world's leading resort hotels is more a way of living than a hotel.

THE PROFESSIONALS

Carib Insurance Limited
PO Box 333 St. George's Grenada Phone 2778

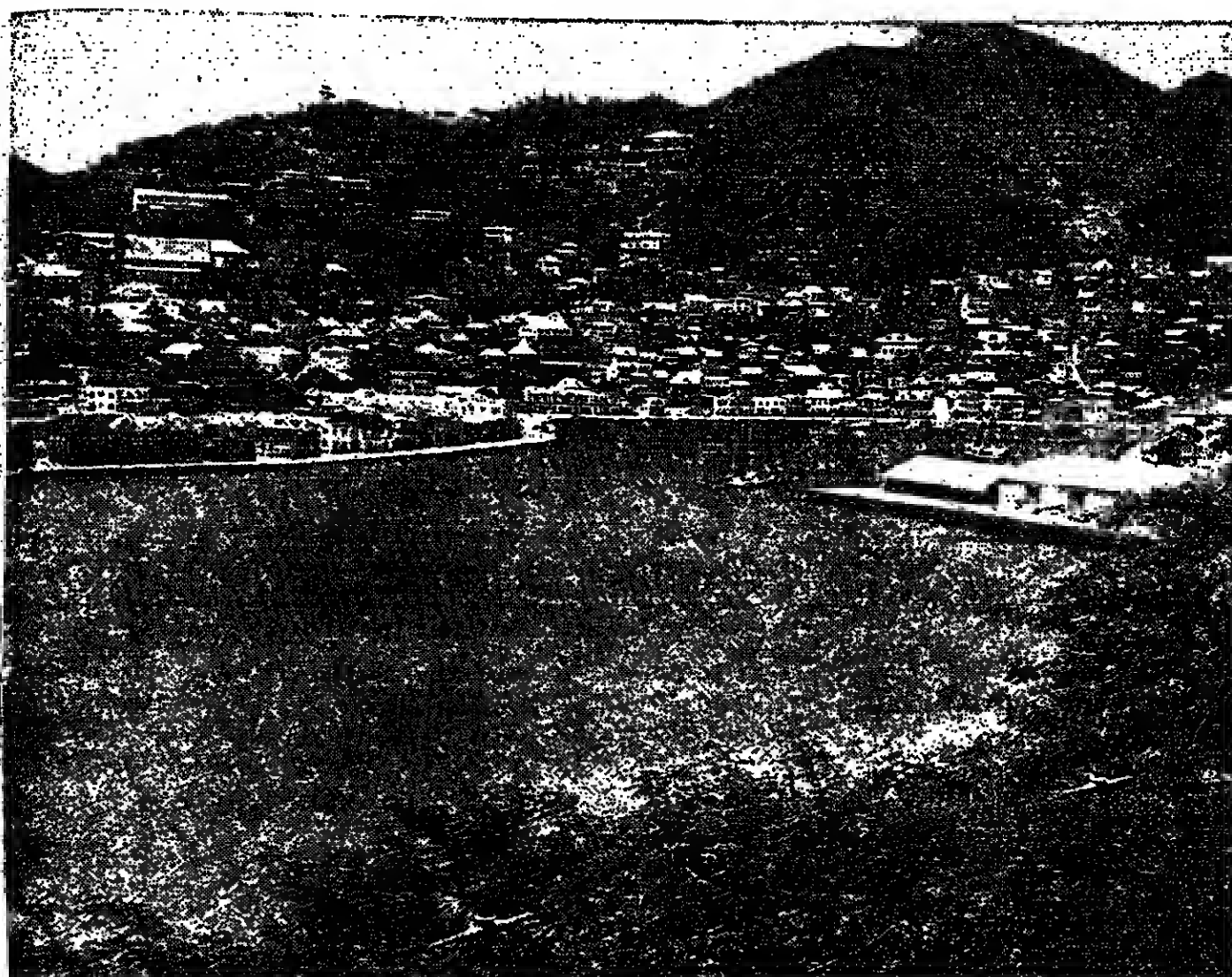
the Island of spice. Grenada No season here, it's spring all year.

And much, much more! Like superb beaches (including the famed Grand Anse), crystal clear water and superlative bathing, magnificent scenery, golf, duty free shopping, attractive hotel package deals, a variety of excellent family, cottage and apartment accommodation and a warm, friendly people. Remember? Grenada is the home of Jennifer Hosten, Miss World 1970! For immediate further details contact—

GRENADA TOURIST BOARD
St. George's Grenada W.I.

CARIBBEAN TRAVEL ASSN
20 East 46th St
New York, NY 10017 USA

A.T.B.E.C
200 Buckingham Palace Rd
London SW1



The Carenage, St. George's.

Tourism development slows down

For peace loving visitors who are persuaded that bumpy riding roads are fun and that townships quaint, Grenada is paradise. But what-er man-made failings the land may have its natural beauty is one of the finest in the Caribbean. The legendary unfringed beaches are there, the sparkling waves, the green mountains, the coral reefs and the tropical fruits and most evenings the sun glimmers in the required riot of otic colours.

But it took a long time to be recovered, and even now lags behind Antigua and Barbados. A handful of the main tourist hotels in the main resort around Grand Anse Beach are more than ten years old and most of the bed space has only been up in the past three years. The first hotel to belong to an international chain, the 126-room Holiday Inn, is now in its 12th season.

The boom proper began three years ago, since when the number of beds has more than doubled from 750 to over 1,600. A surprising amount of the new has come from local sources. Of the 15 principal hotels, 10 are locally owned, though foreign capital owns about half the number of beds available.

Abrupt halt

But the boom has now come to an abrupt halt. This is partly because recently it was officially stimulated by the 10 hotels squeezing in some 10 extensions before their 10-year tax holiday ran out, but more importantly because Grenada has suffered from the Caribbean-wide setback in tourism, which has variously been blamed on the American recession, the black power riots in Trinidad and high rates. Grenadians say their plight has not been helped

by harsh treatment their island has recently received in the U.S. Press and on British television, when unflattering comparisons were made between Grenada and Haiti.

With no new hotels in the pipeline, occupancy levels poor during the last winter season and with hotels showing alarming losses, the Grenadian tourist authorities have followed the belated course adopted by most Caribbean resorts — pushing holidays during the low season, which is two-thirds of the year, to get a better overall occupancy and reduce those bitter sweet moments in December and January when hundreds of would-be guests have to be turned away.

Off-season

A campaign is therefore being launched to entice visitors during the northern hemisphere's summer months. It points out the benefits of off-season travel—cheaper rates, fewer people but good weather expectations—and is aimed increasingly at the package tour market which is now considered essential for the consolidation of what is traditionally a fickle industry.

An illustration of off-season price cuts gives an idea of the kind of sacrifices hotels are now prepared to make. A single room at the Holiday Inn in season costs £16.25 a night, out of season this drops to £6.25. Grand Anse Beach Hotel cuts a £16.67 room to £5, and the Grenada Beach Hotel a £20 room to £8.33. Most hotels offer cheaper meal plans out of season, and many services drop their prices. And in the case of package tours it is understood that operators have managed to beat hotels down to as little as a fifth of their usual rates, in effect charging less than £4 a night. Accusations

that the Caribbean is pricing itself out of the market are hard to sustain against these figures.

Attempts are also being made to reduce the industry's dependence on the North American market by wooing the European with attractive all-in rates. Among off-season tours to be had from Britain for example are those operated by Alta Travel in conjunction with BOAC, costing around £250 for two weeks, about £120 less than the flat rates. Hotels used in this scheme include the airy Spice Island Inn, which has Grenada's most sophisticated cuisine and offers suites with individual swimming pools, and the homely but smaller Riviera Beach, whose speciality is crab-racing on the dance floor.

Both rank among Grenada's best. Britons can also get round the normal excursion air fare of about £200 by buying BOAC's Early Bird fare to St. Lucia, which costs £130, and then hopping across on the local service for £8. This is a legitimate but not officially recognised ruse.

Big spending

Other markets which Grenada hopes to tap include Venezuela, where tourists have a reputation for big spending. Surinam and the West Indians themselves, who make up for their low spending by the vast numbers in which they migrate at holiday time, usually July and August.

An obstacle to growth is Grenada's airport, which cannot take anything larger than an Avro 748, closes at dusk, and lies a full hour from Grand Anse. The Government is pushing for a new one, but Britain, which would probably have to finance it, is delaying a decision on the grounds that exact requirements have not yet

been defined. The possibility of money coming from other sources, probably North America, has not therefore been ruled out.

Grenada offers some of the best sailing in the Caribbean. The neighbouring Grenadines, in particular, have lured big yachts Grenada's way. There are now extensive marina and chartering facilities, and potential for further growth is certainly there.

Real estate

Allied to tourism is real estate. A growing number of foreigners have built holiday and retirement homes on the special estates being developed on the peninsulas off the south coast. Prices have risen swiftly to their present levels of \$1 a square foot for land and about \$15 a square foot for construction, putting a 2,000 square foot bouse standing in half an acre at about \$50,000. Land prices have evened out now, dampening speculation, but building costs are likely to continue to rise.

Although the island's tourist chiefs emphasise that all development will be carefully controlled to preserve amenity, Caribbean travellers with no financial stake in the tourist industry look ahead with apprehension, for the balance of civilisation and nature is probably as near perfect now as one could hope, and any advance of the former would harm the latter. Grenada can still decide whether to remain peaceful and exclusive with an industry based on tasteful small hotels like the Calabash, one of the region's best, or expand into a mass resort. And the fear is that the local decision-makers, who frankly appreciate their island's charms less than the visitor, will choose the second, regrettable, but more lucrative course.

HOTEL DEVELOPERS

Why invest in GRENADA?

Simple!

Grenada is far more than the most beautiful of Caribbean tourist destinations. Grenada is a country whose superb natural environment has been linked to a development dynamism and leadership which has achieved in recent years immense strides for the tourism investor and the welfare of the island's people.

First, study closely the following impressive tourism and other related development statistics. Next, study just as carefully the outstanding incentives available to hotel developers.

OUR ACHIEVEMENTS

1. During the past four years our hotel plant has expanded by a further 500 rooms, and with a large number of additional rooms at the advanced planning stage.
2. Since 1967 the overall tourist influx has increased by 93.6%.
3. The Tourist Board, one of Government's main instruments in the promotion of tourism has increased its promotional expenditure by over 300% during the past four years. A clear indication of both the Government and the Board's desire and effectiveness in winning tourists to the market.
4. Government is now studying proposals for the building of a new international airport at a cost of \$18 million U.S. (£7.5 million Stg.).
5. In addition to the island's prominent position as both a flight and cruise destination, Grenada has further consolidated its position as the No. 1 Eastern Caribbean yacht charter centre.
6. As a result of the island's unique watersports environment, there has been a marked expansion in this sector too (sailing, skin diving, spear fishing, scuba diving, water skiing, deep sea fishing).
7. The level of Government's annual expenditure has risen impressively from \$14 million EC in 1967 to \$35.6 million EC.

These exciting and expansionist figures are the hallmark of a stable country whose hotel investor climate can be succinctly summarised as being VERY BRIGHT!

OUR INVESTMENT INCENTIVES

To stimulate further hotel development, then, the following outstanding incentives are available under the Hotel Aid Ordinance—

- A. Duty free importation of building materials and hotel equipment as specified by the licence.
- B. If materials and equipment are purchased in the territory, the licensee is entitled to a drawback on customs duties on production of bills satisfying the Collector of Customs of usage in this connection.
- C. Exemption of a hotel proprietor on income tax arising from such hotel for ten years following the year in which the licence is granted, subject to adjustments if the end of the holiday period does not coincide with the end of the accounting period of the enterprise.
- D. Profits arising during the tax holiday period can be distributed during that period and two years, thereafter, with certain limits.

For immediate further details with regard to Grenada Hotel investment and development then kindly send your enquiry direct to—

Hon. Eric M. Gairy
Premier
Office of the Premier
St. George's, Grenada W.I.

Grand Anse Beach, on which are located some of Grenada's best hotels.



WALL STREET + OVERSEAS MARKETS

MONEY + EXCHANGES

Now up 11.7 to 904—volume rises 5.6m.

Adequate credit

BY OUR WALL STREET CORRESPONDENT

THE ADVANCE made further strong headway on Wall Street today, following increased public and institutional demand, and the Dow Jones Industrial Average broke through the 900 level.

The Industrial Average finished another 11.7 higher at 904.13, the Transportation Index further advanced 4.14 to a fresh 1971 peak of 241.18, while the NYSE All-Share Index rose 34 cents to 83.32. Volume shot almost 6 million shares to 18.7m. Gains led losses by 999 to 454.

Some analysts believed the economy was picking up even before Nixon's announcement and they took his new economic policy as meaning the improvement would speed up.

Prior to the President's announcement there had been "a lot of sideline money" which is now beginning to take a position in the stock market.

But most operators were of the opinion that the market's strength today was largely due to the expectation that any significant pickup in the economy would benefit large companies.

Dupont gained \$2 to \$131.1, Alcoa was up \$2 to \$35.7, Kodak added \$1 to \$34.4, while Westinghouse improved \$1 to \$34.1.

General Electric rose \$1 to \$61.1. Strength in the Transportation sector was bolstered by Airline's American added \$1 to \$39.1, United gained \$1 to \$39.1, Delta put up \$1 to \$45 and Eastern were up \$1 to \$20.7. KLM gained \$1 to \$34.1, TWA \$1 to \$30.7, and Pan Am \$1 to \$11.1.

In the rail group, Canadian Pacific advanced \$2 to \$60.1, McEwan Trucking were lifted \$2 to \$63.1, Consolidated Freightways \$2 to \$43.1 and Associated Transport \$2 to \$31.1.

Among "glamour" stocks, Bausch and Lomb jumped \$3 to \$133.1, it said it would complete introduction of its "soften" by November. Discon advanced \$2 to \$11.1 while IBM were up \$3 to \$31.1.

Oil held firm. Texaco added \$2 to \$33.1, as did Gulf at \$29.1 and Mobil at \$30.1.

Steels also held firm. U.S. Steel improved \$1 to \$33.1, Republic gained \$1 to \$31.1, Bethlehem were up \$1 to \$27.1 and Bethlehem Steel were up \$1 to \$27.1.

The American SE index rose 6 cents to 32.54 in a turnover of 3.9m. (3.55m) shares.

OTHER MARKETS

Canada rallies

Canadian Stock Markets rallied fairly sharply in moderate trading

yesterday. Industrials rose 2.45 on index. Western Oils 2.25, Utilities 1.14, Golds 0.94, Papers 0.36 and Base Metals 0.32. But Dow Jones Industrial Average broke through the 900 level.

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NEW YORK, August 24.

Discount houses met with a fair supply of credit on the whole, yesterday, and banks were balanced without an official interest rate. But conditions were uneven. Government disbursements were greater than revenue transfers to the Exchequer, but there was a net Treasury bill take-up.

Electric and Ersson firms in Electricals. Elsewhere, Melchior rose \$2.25 to \$43.75. Bonnier's higher bid for Superjet lost ground. In Chemicals, Rhône-Poulenc and Gobain-Moussin advanced, but Roussel-Uclaf fell back. Metallurgicals were generally mixed.

German selective buying sent prices generally higher. Basiglio rose \$2 to \$1.742, while buying interest also spilled over into Montedison which improved \$1.95 to \$1.683.

Flat, both Pirelli, Olivetti and other industrial stocks were affected by the U.S. 10 per cent surcharge showed limited recoveries.

Siege rose \$1.99 to \$1.399 in Quickstep. Insurance and Holdings were also generally firmer.

STOCKHOLM—Firm trend. PARIS—The trend was mixed in street trading, but the opening of the new account.

Some Petroleum, Construction, and Light Electricals recovered slightly on "cheap" buying.

Some Oil put on yen 8 to yen 133, Nippon Oil yen 9 to yen 145, Mitsubishi Oil yen 11 to yen 122 and Daikyo Oil yen 7 to yen 122.

Matsumoto Electric Industrial closed at yen 440, up yen 16. Alps at yen 421, up yen 11, and Kumagai-Gumi at yen 630, up yen 10.

AUSTRALIA—Mines showed a strong recovery, with "heavyweights" returning to favour. Oil and Industrials also firmed.

Hamersley gained 21 cents to \$2.92, BHP rose 27 cents to \$3.17 and WMC recovered 23 cents to \$3.19, as buyers took advantage of the severely depressed levels.

Whim Creek gained 30 cents to \$4.60 and Pacific Copper 30 cents to \$1.80. Pooleland regained \$2 to \$2.1, while Australasia Mining gained 10 cents to \$1.30.

B. H. Smith recovered 7 cents to \$3.10, while Spargos rose 20 cents to \$5 cents and Seaboard added 25 cents to \$3.30.

JOHANNESBURG—The call for a change in the official price of gold by IMF managing director Pierre-Paul Schweitzer had a steady effect on gold stocks.

Long-term Euro-dollar deposits were quoted generally as follows: two years and three years \$14.1 per cent, four years and five years 14.5 per cent. The following rates were quoted for London dollar deposits: one month 10.50-10.75 per cent, three months 10.75-11.00 per cent, six months 11.00-11.25 per cent, one year 11.25-11.50 per cent.

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to finance, and gilt-edged securities were against the market's favour.

A rate of 51 per cent was bid commonly for day-to-day loans to start with, and 51 per cent was quoted in places. A level of 51 per cent was held for quite a time in places though 41 per cent was reached in some quarters by mid-day.

In the inter-bank market, overnight loans commenced at 41 per cent in the early part, and were though touching 51 per cent one point, ended in a range of 34-44 per cent. Short-term rates had a slightly softer turn.

Local authorities seven-day notes, other seven-day fixed, "Longer term mortgage rates: three-year 7.5 per cent, and five-year 8.5 per cent. A 10-year rate for houses, selling rates for Treasury bills 10.5 per cent, for two months and 10.5 per cent for three months. Action rates for Australia and the trade 10.5 per cent.

Finance House Base Rate (published by the Finance House Association) 41 per cent from August 2.

STERLING STRENGTHENED against Frs.3.98, and Swedish kronor to the U.S. dollar in fair business. Kr.5.08. Italian lire were a shade weaker on the day, at Lr.612, however, and ended at 62.45.

Gold was fixed at \$34.20 (\$17.642) an ounce in London in the morning, and at \$34.20 (\$17.67) an ounce in the afternoon. A fair business was done with speculation month to 10 1/2 per cent, six months to 10 1/2 per cent, and one year to 10 1/2 per cent. The dollar advanced to \$1.00, and a level of \$1.00 was touched at one point, before the close at \$1.00. New sovereigns fell 10 cents to \$10.70, and old 20 cents to \$10.70-10.80, and though dealers' eagles were eased \$1 to \$66.69, and half \$1 to \$27.28, single dollar on commercial account, and the 20-cent piece rose \$1 to \$27.28. In Zurich, gold ended at \$13.38, guineas to \$13.45, and \$13.53-55, dows 5 cents in the Belgian francs to about Frs.45.40, while Swiss francs advanced to gold bar was fixed at Frs.320 a kilo.

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Gold was fixed at \$34.20 (\$17.642) an ounce in London in the morning, and at \$34.20 (\$17.67) an ounce in the afternoon. A fair business was done with speculation month to 10 1/2 per cent, six months to 10 1/2 per cent, and one year to 10 1/2 per cent. The dollar advanced to \$1.00, and a level of \$1.00 was touched at one point, before the close at \$1.00. New sovereigns fell 10 cents to \$10.70, and old 20 cents to \$10.70-10.80, and though dealers' eagles were eased \$1 to \$66.69, and half \$1 to \$27.28, single dollar on commercial account, and the 20-cent piece rose \$1 to \$27.28. In Zurich, gold ended at \$13.38, guineas to \$13.45, and \$13.53-55, dows 5 cents in the Belgian francs to about Frs.45.40, while Swiss francs advanced to gold bar was fixed at Frs.320 a kilo.

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STOCK EXCHANGE REPORT

Share index up 5.7 at new peak for the year of 417.8

Buying interest broadens to take in second-line issues

ACCOUNT DEALING DATES

Option

First Declara- Last Account

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Aug. 9 Aug. 19 Aug. 30 Sept. 1

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The equity market had another

good day yesterday with buyers

showing more confidence. Lack of

selling and thinness of markets in

general had much to do with the

good advance. The leaders and,

although not factors in them,

the overnight rise on Wall

Street and the report of improved

car sales helped sentiment. In

fact activity was more than

on Monday when measured by

bargains marked at 11,321

compared with 11,182 the previous

day, but more institutional

interest was evident. The

Financial Times Industrial

Share Index recorded a

steady advance throughout the

day, but the close of 417.8, up 5.7,

was slightly below the best level

of 418.2 recorded at the 3 p.m.

calculation. However, the tone

at the end was good, and the

closing index was its highest since

January 16, 1970, when it stood

at 421.8.

The broadening of buying inter-

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was reflected in an expansion of

the rise to include in the

Financial Times-quoted indus-

trial to four-to-one; on Monday

the ratio was about three-to-one.

Many old rumoured bid stocks

were enlisted to provide good

features.

Gilts quietly firm

It was another quiet day for

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rate, Treasury 8 per cent, 1975,

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Treasury 6½ per cent, 1974,

at 91½. Corporations maintained

a steady advance.

In further reduced turnover,

the investment dollar premium

held most of Monday's 1 point

rise at 23 per cent. U.S. stocks

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in sympathy with the overnight

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Unitech, which came to the

market by way of an introduction,

made a steady advance, closing

at an opening of 80p the price

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BRITISH FUNDS

Stock	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	96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THE LEX COLUMN

Reading between the News Intl. lines

There may be reason to distrust as a signal a new high in the FT index (in contrast to the Actuaries all-share) when one constituent, Vickers, rises 10 per cent—apparently on a chart interpretation. For the present logic dictates caution, whereas the empirical evidence of the indices will look more convincing if volume picks up.

News International

News International's first-half recovery from £1.55m. to £1.65m. before tax is more exciting than it looks. This period took in the postal strike, which must have hit advertising volume, and the costly circulation war among the popular dailies on the demise of the Sketch. Outside newspapers, the Townsend-Hook and Bemoore subsidiaries caught their share of the depression in paper-making and colour printing respectively. And the group's major plus, the soaring circulation of the Sun, was offset to some extent by circulation weakness at the News of

the World, which recently has been running at about 180,000 copies lower than at this time last year.

The second half should be a different story. Unlike its depressing mid-1970 experience, the latest cover price rise at the Sun (4p to 3p) has been followed by a 100,000 circulation rise to around the 2.1m. mark. That means nearly £1.2m. of extra revenue in the current half-year and while the general forward bookings position for advertising is apparently pretty grim—certainly compared with commercial TV—the Sun's circulation rates suggests that the problem is not a general one. At the News, rates up to 5 per cent from the first of next month; papermaking should be less of a drag and printing, at least, should get no worse. So while outwardly the management has restrained its ebullience—and that showed in a standstill share price of 192p yesterday—it would probably be disappointed if profits for the year did not top £41m. against £36m., lifting

earnings to over 13p a share and dropping the p/e to 14.1. See also Page 18

Rentokil

Rentokil's interim profits are up from £1.07m. to £1.51m. pre-tax, and the striking feature within that is a 40 per cent jump in U.K. profits to £1.09m. on a 23 per cent sales rise. Pest control contracts now total around 60,000 against 43,000 at the end of 1969, and hygiene work is also expanding fast. Both are good for margins and for earnings quality with a high proportion of repeatable work, initially on an annual contract and recognizable on a quarterly basis. Another explanation for the more profitable sales mix lies in woodwork and dry rot control. Improvements grants rose by 28 per cent in the first half, with a trend towards discretionary—Rentokil's forte—rather than standard grants, and there was a high level of turnover in the housing market with building society mortgages on old houses up 22

per cent over the period.

Acquisitions chipped in roughly £75,000 net of financial charges; they were in for most of the second half of 1970 so it may be too much to expect the usual 40-60 half-to-half profits split. Yet with the overseas side moving further ahead, earnings a little over 41p per share against 36p may be a reasonable hope, which is what the shares—on a prospective p/e of perhaps 26.1 at 125p—are counting on.

See also Page 17

Brown Bros. Albany

Profits rather than sales were the first target of the Brown Brothers and Albany merger, and that shows through after six months of 1971 with profits before tax and loan stock interest up from £506,000 to £1,011,000, on a marginal sales rise. A major slice of the improvement must have come from lower financing charges with stocks in June—normally at a relatively high level—standing at around 15.5m. against £8.1m. in December, and the overdraft

halved to roughly £1m. This should be a continuing process with the Million Keynes warehouse scheduled for opening in a couple of months' time: the current half also gets the first impact of a slimmer workforce, due to be reduced by nearly a tenth, and of faster sales growth, notably in electrical wholesaling. Good tyre retail outlets are setting harder to come by, with only about three opened in the first half; another half dozen or so should be open by the year-end, taking the total up to about 60.

So fully diluted earnings up from 7p to 10p a share should be a confident bet for 1971. The shares fell 5p to 165p yesterday, but they have been a strong market for the last month or two: we now have to see what form the group's electrical retailing ambitions, not a whit shaken by the Stone rejection, are going to take.

See also Page 17

Carrington Viella

Carrington Viella's 1970 outcome of £15m. pre-tax, exclud-

ing the loss in Germany, was depressed by £1.7m. at losses at Jersey-Kapwood, which were due to be eliminated this year and have been, it seems, and £2m. of provisions for currency fluctuations. The group was put for the group this year, and with £2.44m. pre-tax in the first half (together with losses that the second half will continue to show an improving trend), the group must be that the group will be ahead of scratch. £2m. pre-tax would give earnings of 19p a share—still, of course, a recovery situation rating with the shares at 33p.

In fact the group's performance, in a "steady recovery" in conditions in the first half and a "reasonable increase" in the level of trade in the second would seem to belie the gloomiest noises of the industry. But the share rating is understandably looking to a less competitive price background, as well as the benefits of the group's far-reaching rationalisation in 1972.

See also Page 18

Kelly to bid for whole of UCS to-morrow

BY ANDREW HARGRAVE, SCOTTISH CORRESPONDENT

GLASGOW, August 24.

MR. ARCHIBALD KELLY, the Clydeside industrialist and his financial adviser, Mr. James Sharp, will make a bid for the whole of Upper Clyde Shipbuilders when they meet Sir John Eden, Minister for Industry, in London on Thursday. The assets include the Govan, Scotstoun and Clydebank shipyards and the Linthouse steel fabrication unit. Originally, Mr. Kelly offered to take over Clydeside shipyards, but following a meeting with Sir John last week, he agreed to "extend his interest" to other parts of UCS.

"It is the crunch day one way or another as far as we are concerned," Mr. Sharp told me last night.

The Government's original plan, confirmed by Sir John in Glasgow as recently as last Thursday, was to dispose of the Clydeside and Scotstoun yards but to form a new company based on Govan and Linthouse. An "amalgam Board" for this was to be announced early next month.

Earlier today Mr. Kelly had a 90-minute meeting with UCS shop stewards and full-time union officials. "We were discussing broad principles but no specific proposals," said Mr. Joseph Black, chairman of the Clyde Confederation of Shipbuilding and Engineering Unions. "Because of this, we cannot make a realistic assessment of the situation."

However, Mr. Kelly's bid was welcomed by the shop stewards, who promised "co-operation by the whole workforce to retain shipbuilding intact on the Upper Clyde."

Should Mr. Kelly's bid for the whole of UCS fall through, there is still a possibility of reviving the original offer for Clydeside alone. Plans for the yard, providing for a combination of building berths and a dockyard—so far unconfirmed by Mr. Kelly—are understood to exist.

The Government may offer loans under Section Four of the Local Employment Act and also other inducements under the Special Development Area provisions as Mr. Kelly, who owns Liffey Dockyard, in Dublin, could be classed technically as an incomer.

To make such financial help available, however, the Government is likely to insist on, first, a realistic viability study by Mr. Kelly for whole or part of UCS and, secondly, some proof of his prospects to carry on a successful shipbuilding operation on the Upper Clyde, including new contracts once the present order book is completed.

So far, Mr. Kelly has not gone beyond his original offer of investing up to £1m.

Customers' talks

Yesterday, Mr. Kelly had talks with the UCS liquidator, Mr. Robert Smith, who had given him an indication of the price for the assets. "The creditors' meeting is due to take place next Tuesday. It should also be noted that the banks' floating charges—which constitute the first call on any proceeds from the

winding-up process—are believed to amount to £3m.

Ray Daffer writes: Representatives of shipping lines, with vessels on order with UCS will meet a Government Minister, probably Mr. Nicholas Ridley, Under-Secretary of State at the Department of Trade and Industry, on Friday to discuss the Government's plans for the shipbuilding industry on the Upper Clyde.

It is thought that the Government is anxious to find out the degree of customer support it can expect from the lines for the proposed shipbuilding unit. However, the Government may also use the meeting to test shipowners' reaction to a possible takeover of the whole of UCS by Scottish industrialists.

Mr. Archibald Kelly, who I understand that most of the 11 shipowners will attend the meeting, in London on Friday afternoon. Between them they have ordered 27 ships, now either under construction or held in advance.

Mr. C. R. Chatterton, chairman of Reardon Smith and Sons, who has three bulk carriers on order, said it was unlikely that his company would be represented at the meeting. "We were not given sufficient notice," he said, adding that he was doubtful about its usefulness.

Frish Shipping, with four bulk carriers on order due for delivery in 1972 and 1973, will be represented, however. The company wants to take the opportunity of advising the Government that it is still anxious to have the ships built on the Upper Clyde.

City writ served on Turriff

By John Hunt

THE CITY CORPORATION announced yesterday that it had commenced proceedings for damages against Turriff Construction over the company's withdrawal from its building contract at the Barbican.

Shortly after the announcement from the Corporation, Turriff said that the writ had been served at its City office in Throgmorton Street.

Mr. L. R. Robinson, chief executive of the company, stated: "Of course, it will be strongly contested by us."

The Corporation statement said that the proceedings against Turriff were for "damages for breach and/or repudiation of contract."

It said that the Corporation did not accept the statements attributed to the Turriff directors in yesterday's Press when the company announced its withdrawal from the contract to build Phase Two of the multi-storey flats development.

In particular, the Corporation denied that it had repudiated the contract with Turriff for the building of Phase Two.

The statement said it was apparent that the directors of Turriff Construction had decided to discontinue the performance of the contract.

This action had been accepted by the Corporation as a repudiation by Turriff Construction of the contract, and the Corporation had therefore commenced proceedings.

Turriff says that it originally took on the contract in 1964 at a price of £6m. and with a completion date of January, 1968. It says that the work is now 80 per cent completed and independent quantity surveyors appointed by the company now value the work at £14.5m.

So far, according to the company, the City Corporation has paid only £10m.

Turriff's part of the £40m. Barbican scheme involved four blocks of flats, one tower block, two blocks of maisonettes and the City of London School for Girls.

Clarksons not hit by bad publicity

BY KENNETH GOODING

SO FAR, Clarksons Holidays does not seem to be suffering as a result of the adverse publicity which has recently been directed at its director, Mr. Tom Gullick, maintained yesterday.

There had been no noticeable change in the rate of bookings and all sections were ahead of last year. Bookings for next summer were arriving at the rate of 1,000 a day and were one-third up on the same period of 1970. For winter holidays, there were 130,000 bookings against 40,000 last winter.

Mr. Gullick was speaking after the annual meeting of Clarksons parent company, Shipping and Industrial Holdings, at which chairman Mr. Jocelyn Hamlyn forswore questions on the "Clarksons situation by saying it was 'taking unprecedented steps' to achieve greater protection for holiday makers travelling with the company."

"I have every confidence in Mr. Gullick's ability to keep his company at the top of the league both in efficiency and profitability," he added.

Mr. Hamlyn also referred to the auditors' qualification of the accounts because Clarksons last year failed to collect over £1m. of debts as a result of difficulties with its new computer.

Court Line rumours

Good progress had been made in the collection of the debts as 80 per cent had been received and "there is no reason to suppose that the balance will not be collected in the ordinary course."

As for Shipping Industrial as a whole, Mr. Hamlyn stated that the present world currency difficulties were unlikely to have any material direct effect on the current year's operations and the forecast that profits would at least match those for 1970 was still valid.

Rumours that Shipping Industrial might bid for Carrington Viella, the concern which owns the jets

which ferry Clarksons' customers from Luton airport, gained ground again yesterday.

Court Line was the day's most active stock and at one point reached 185p, a gain of 9p on Monday's price, but the shares closed at 148p, up 1p.

This was after Mr. Gullick had denied Shipping Industrial was about to bid for Court Line. "We would prefer to live in sin with them rather than to get married. However, if the wrong sort of party started to show an interest in Court Line we might change our minds."

Despite Clarksons' optimism, its proposal for an independent authority to control travel agents is almost certain to be turned down by the other leading travel companies.

Today, the powerful Steering Committee of the Tour Operators Study Group meets to consider the scheme. In addition to Clarksons, the committee consists of six big travel companies and most of them are hostile to the proposal. Mr. V. G. Kaitz, chairman of Horizon Travel, is firmly against it.

NEW RULES ON ACCOUNTS PROPOSED

STIFF new rules on treatment of extraordinary and prior year items in company accounts are proposed by the Institute of Chartered Accountants in England and Wales. The suggested new rules, contained in an exposure draft, would virtually "reserve accounting" whereby many firms write off extraordinary items against reserves instead of putting them through the profit and loss account.

Tough rules, Page 13

Ulster will stay integral part of U.K.—Faulkner

BY ARTHUR SANDLES

BELFAST, August 24.

MR. BRIAN FAULKNER, Ulster Premier, today made what seems like a last-ditch appeal to Stormont Opposition members not to wander too far away from established political procedures. This follows the talks in Dublin between Opposition MPs and Mr. Jack Lynch, the Irish Premier.

But the Faulkner plea—surely, what is needed in Northern Ireland today is constructive talk and co-operation between responsible people of all democratic parties—received a cool response.

Mr. Faulkner prefaced his conciliatory remarks with a firm reiteration that Ulster would remain an integral part of the U.K. Nothing—including terrorism and political blackmail—would change that, he insisted.

"The sooner everyone fully realises that, the better for all of us—and I mean all of us," he said.

The Premier's remarks must be seen against his own political situation. Mr. Faulkner cannot be too eager in his appeals to the Opposition. His Right wing, with Mr. Paisley in the shadows, is quiet for the moment, but could easily be upped.

Anything like the suggestion of talks involving Dublin, London and both sides of Ulster political opinion, as suggested by the Northern Ireland Opposition, is unthinkable to Unionists.

Mr. Faulkner has been further detailing his meeting with Mr. Heath to his Stormont colleagues. It was after this briefing that the Premier made his remarks.

Talking of internment, Mr. Faulkner denied that the policy was deliberately one-sided. The instructions given to the security forces were, and still are, that all dangerous men on whom they had reliable information which marked them out as definitely implicated in terrorist organisations should be arrested.

"This is a matter which has nothing to do with politics or religion. It is a straightforward matter of public order and safety. I therefore deplore the efforts of every sign of change and progress in the community."

A new scheme to compensate people whose homes have been maliciously damaged was announced today by the Ulster Minister of Home Affairs. It covers the three months to September 30 and is designed to help those unable or unlikely to obtain compensation under the Criminal Injuries Act.

The wording of the statement appears to preclude any damage caused by security forces. A Ministry spokesman said that applications made more than three months after the damage was caused would not be eligible. Dublin aims for political solution, Page 27

"Further measures" The decision to introduce internment had been made with great reluctance. However, he was convinced it was absolutely necessary.

The 28-day period between arrest and actual internment for those arrested in the first Army swoop is now half way through. No decision has yet been taken on these first 230 people.

Mr. Faulkner outlined some of the proposals which his Government had introduced in the recent past aimed at making sure that an elected Opposition could play a fair and useful part in the running of Northern Ireland.

"We will not be deflected from the principal course of our policy because of the current attitude of the Opposition," added Mr. Faulkner. "Nor" would he abandon these or other policies in the face of clamour from those on the other side of the political spectrum who cry betrayal at every sign of change and progress in the community."

The British Government, for its part, took strong exception to the size of the suggested sterling revaluation.

Lucas closes all its Birmingham plants

BY MICHAEL HAND, LABOUR CORRESPONDENT

THE Lucas group closed down all nine of its car component factories in the Birmingham area last night on the second day of the unofficial strike by 200 key maintenance engineers. Nearly 13,000 employees were told not to report for work until further notice.

The strike has halted production in Birmingham of all Lucas components used by British Leyland, the group's main customer, and also by Chrysler, Ford and Vauxhall. But it is estimated that with the present high level of stocks, the strike would have no effect on about 12 days before production in the motor industry would be seriously threatened, and it is expected that it will be settled before then. Some 4,000 Lucas workers were already working only four days a week because of reduced demand for its components.

The 300 engineers on strike carry out the essential day-to-day maintenance and repair of all mechanical equipment in the nine factories.

They stopped work on Monday because of a dispute with the management over their holiday pay. During the summer break in July, most of the manual workers were paid average earnings as a result of a new pay and conditions agreement negotiated by their unions.

Same terms But as the maintenance engineers' agreement for 1971-72 has not yet been negotiated, they continued to be paid basic rates during their holiday, as would the remainder of the manual workers had their own agreement not started operating before the annual break.

The engineers are complaining that they, too, should have been

given average earnings. The company has told them that it is prepared to consider the question of holiday pay when negotiations on their new agreement are under way, but they say that their present deal expires, but it is apparently not prepared to look at the holiday pay issue to isolation before then.

It is expected that the engineers will, in fact, get the same treatment on holidays under their new agreement as the rest of the manual workers. The company would then have to decide whether or not to return the extra money for the recent holiday as well.

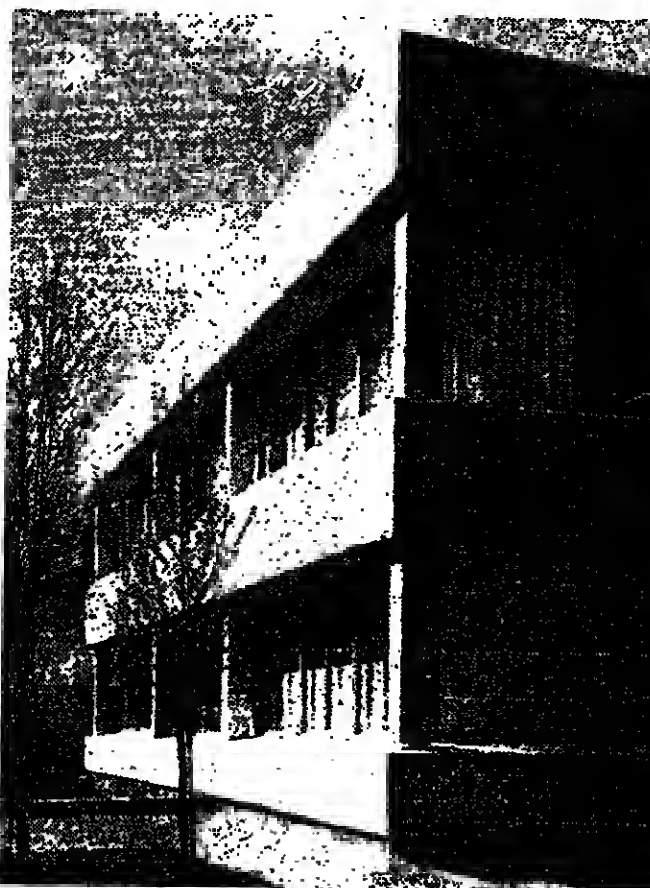
The strikers, who belong to the Amalgamated Union of Engineering Workers, are due to meet again on Friday to decide whether or not to return to work.

In another strike in Birmingham yesterday, production of British Leyland Minis was stopped when 28 workers involved in a pay dispute walked out from the group's Longbridge factory.

A total of some 2,000 day and night-shift workers were laid off at Longbridge and another 1,500 from the company's plant in Castle Bromwich where bodies for the Mini are made. The strikers' job is to move Mini engines from the engine assembly section on to the car assembly line.

WESTERN SMT'S NEW COMPUTER

Western SMT, part of the Scottish bus group, has taken delivery of a £78,000 Honeywell 113 computer for its Kilmarnock office to deal, among other things, with the weekly pay roll.



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Floating into Europe gloomily

BY JOE ROGALY

THERE is little hope for the anti-marketiers now. We have no option but to go ahead and join the European Common Market, and suffer the inevitable consequences, which is to sink into obscurity and become—by comparison with our past—the poor relation of the Western world. We cannot return to the Commonwealth: that has become a joke. We cannot go it alone, as the Japanese have managed so successfully, because the period of Britain's national virility began to draw to a close at the conclusion of the second world war, shortly after Japan's defeat. We can no longer clutch at the knees of Uncle Sam, as our Governments have done for a quarter of a century, now because President Nixon has shown that the United States is for the time being concerned with its own national interests whatever the consequences for Western Europe.

No choice

Thus there is no choice for Britain but to take part in whatever is going on in Western Europe. In political terms we would be alone and increasingly friendless outside, in trading terms the sudden imposition of a 10 per cent surcharge on American imports including even the Rolls-Royce engines for the new Lockheed's is the best possible evidence of the need to take out some kind of an insurance policy by joining a trading bloc of our own. In this wholly negative sense the case is made.

But it is a foolish dream to believe that there is any positive economic case for joining Europe. It has never been possible to prove this case. Now that the future rate of exchange of the pound and indeed all other currencies is a matter for doubt and conjecture the task is doubly impossible. For those who hope for better times inside Europe, it is no longer merely a question of faith: it is a matter for prayer.

Tired economy

It is surely much more realistic to accept that the steady decline in Britain's economic performance relative to that of some other countries will continue. This decline has been experienced for most of the present century, and in particularly severe form for the past generation. It has produced a stale, tired old economy that is more likely to be overwhelmed by competition from Europe than rejuvenated.

All predictions about our future inside Europe are necessarily built upon suppositions and assumptions. The worst guide is arithmetic; the next worst any form of economic model. The best guide is feeling and common sense. These tell us that major European companies are going to come into this country and run rings around local companies when the opportunity arises. The number of British companies likely to turn the tables in France, Italy, Germany and the Netherlands is not very high.

Now people who are so emotionally involved with the EEC that they can see only the favourable signs will argue that the currency abuses of the past week tell a different story. It means the death of the Common Agricultural Policy, they say. Perhaps—but common sense replies that if it does farmers in France and Germany will force their Government to adopt some other form of agricultural protection (involving high prices) to replace it.

National will

Again, such people will say that the floating of the pound is a boon because if it is still floating when we join the EEC we will be saved the embarrassment of a devaluation. Surely. But exchange rates (favourable or otherwise) are not in themselves the means of economic growth. That depends upon something totally unquantifiable—a mystic alibi, the national will. For so far ahead as can be seen, this will is likely to work in Britain against rapid growth. We might as well get used to that now.